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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Thursday 4 December 2003

Journal des débats (Hansard)

Jeudi 4 décembre 2003

**Standing committee on
finance and economic affairs**

**Comité permanent des finances
et des affaires économiques**

Organization

Organisation



Chair: Pat Hoy
Clerk: Katch Koch

Président : Pat Hoy
Greffier : Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 4 December 2003

Jeudi 4 décembre 2003

The committee met at 1006 in room 151.

ELECTION OF CHAIR

Clerk of the Committee (Mr Katch Koch): Good morning, honourable members. It is my duty to call upon you to elect a Chair. Are there any nominations?

Mr John O'Toole (Durham): It's my privilege as the Conservative member on this committee to nominate a person I have a lot of respect for, Mr Pat Hoy.

Clerk of the Committee: Are there any further nominations? There being no further nominations, I declare the nominations closed and Mr Pat Hoy elected Chair of the committee.

ELECTION OF VICE-CHAIR

The Chair (Mr Pat Hoy): Honourable members, it's my duty to call upon you to elect a Vice-Chair. Are there any nominations?

Mrs Linda Jeffrey (Brampton Centre): I'd like to nominate Mr Wilkinson.

The Chair: Mr Wilkinson's name has been nominated. Are there any further nominations?

Mr O'Toole: With your indulgence, I would nominate Mr Michael Prue.

The Chair: Are there any further nominations? There being no further nominations, all those in favour of Mr Wilkinson's nomination? All those in favour of Mr Prue's nomination? Thank you. I declare Mr Wilkinson elected.

APPOINTMENT OF SUBCOMMITTEE

The Chair: Now we'll move to the subcommittee on committee business. Is there a motion on the subcommittee on committee business?

Mrs Jeffrey: I move that a subcommittee on committee business be appointed to meet from time to time, at the call of the Chair or on the request of a member thereof, to consider and report to the committee on the business of the committee, and that the subcommittee be composed of the following members: the Chair, as Chair, Mr Crozier and Mr O'Toole, and that the presence of all the members of the subcommittee be necessary to constitute a meeting.

The Chair: All in favour of the motion? Those opposed? I declare the motion carried.

I want to congratulate Mr Wilkinson on his election as Vice-Chair of this committee and I want to congratulate all members as participants on this committee.

I think if you look at the legislative agenda in the House, you will know that we have the potential to be working very soon, and that would, of course, be determined by activity in the chamber. I look forward to your co-operation on this committee and I'm sure it will be an invigorating one for all of us.

Mr O'Toole: With your indulgence, Mr Chair, since there have been so many measures to increase revenue—that's taxes—I think it will be a very exciting time on this committee.

Mr Tim Peterson (Mississauga South): That a boy, John.

The Chair: Is there any other business?

Mr Peterson: Mr Chairman, I notice in the minutes that we are scheduled for a trip on February 4, 5 and 6, to five different cities.

The Chair: I'm not aware of that.

Mr Peterson: It appears in some documentation some place. I'm sorry for being late, by the way. My apologies. I was stuck in Tory gridlock, because they didn't spend the money. You have no idea of an agenda for travelling?

The Chair: No, I don't. That will be determined at a later date and you will all be informed in due time.

Mr O'Toole: Will we have any consultation? Members may be planning to do things in their riding or places close to their riding. We'd like to be consulted on any scheduled activities, if possible, through the subcommittee again.

The Chair: For members of the committee, the subcommittee will determine dates of travel, locations and times, so we'll have to wait for that.

If there is no other business—

Mr John Wilkinson (Perth-Middlesex): Just to be clear, our next meeting would be next Thursday?

The Chair: We don't know. That's to be determined in the subcommittee.

Mr Peterson: We could be meeting as early as Monday if it passes. I was sitting with the Clerk of the House yesterday and they were indicating that maybe there's some information. I understand we might even be meeting as many as two or three days next week because of the urgency of some of the stuff we're looking at.

The Chair: It's possible. The subcommittee has to meet to determine the date, and the House, of course, has to take the appropriate action to determine whether anything comes to this committee at all.

Mr O'Toole: Again, just a routine question on administration, in a serious vein: What is the schedule for this committee normally?

Mr Michael Prue (Beaches-East York): The normal weekly schedule for this committee is Thursday morning and Thursday afternoon. Currently, as Mr Hoy has pointed out, there is no business before the committee, so we have to wait until the bills are referred to the committee before we have an idea of what we'll be dealing with in the next week or so.

The Chair: Yes.

Mr O'Toole: One other administrative thing I have for our researcher, Larry Johnston: If there are any questions on these administrative things, does that fall with you or would it be more appropriate to go through the Chair? What's your phone number, Pat? What's a good number to get you at, Mr Hoy?

The Chair: It would be better if inquiries went through the Chair and then all members would be informed of the same information.

Mr O'Toole: OK, what's your number?

The Chair: You can go through the clerk for that.

Clerk of the Committee: It's 325-3526.

The Chair: Any other business? Seeing none, I will adjourn this meeting.

The committee adjourned at 1014.





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Vice-Chair / Vice-Président

Mr John Wilkinson (Perth-Middlesex L)

Mr Toby Barrett (Haldimand-Norfolk-Brant PC)

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Mardi 9 décembre 2003

Standing committee on finance and economic affairs

Fiscal Responsibility Act, 2003

Comité permanent des finances et des affaires économiques

**Loi de 2003 sur la gestion
responsable des finances**

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FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Tuesday 9 December 2003

Mardi 9 décembre 2003

The committee met at 1002 in room 151.

FISCAL RESPONSIBILITY ACT, 2003

LOI DE 2003 SUR LA GESTION
RESPONSABLE DES FINANCES

Consideration of Bill 2, An Act respecting fiscal responsibility / Projet de loi 2, Loi concernant la gestion responsable des finances.

The Chair (Mr Pat Hoy): I call the meeting to order. Welcome, everyone. This committee will be meeting today from 10 am to 12 noon and from 4 to 6 pm in this room for public hearings on Bill 2, An Act respecting fiscal responsibility, and tomorrow, same time; however, the room will be 228, for clause-by-clause. Members take note of the room change, please.

SUBCOMMITTEE REPORT

The Chair: We have a report of the subcommittee on committee business. I would entertain a motion to adopt subcommittee report. It would be good if it was read into the record as well.

Mr Mike Colle (Eglinton-Lawrence): Mr Chair, I move adoption of the subcommittee report.

The Chair: Would you care to read it for us, please.

Mr Colle: Yes, Mr Chairman.

Your subcommittee met on Monday, December 8, 2003, to consider the method of proceeding on Bill 2, An Act respecting fiscal responsibility, and recommends the following:

(1) That the committee meet in Toronto on Tuesday, December 9, 2003, to hold public hearings on Bill 2.

(2) That the Minister of Finance be invited to appear before the committee on Tuesday, December 9, 2003, from 10 to 10:40 am to make a presentation and answer questions from the committee members.

(3) That members of the subcommittee provide the committee clerk with lists of who they would like to appear as witnesses.

(4) That witnesses be allotted a maximum of 20 minutes in which to make their presentations and answer questions from the committee members.

(5) That the research officer prepare a summary of the proposed amendments heard.

(6) That the amendments be filed with the clerk of the committee by Wednesday, December 10, 2003, at 9 am.

(7) That the committee proceed with clause-by-clause consideration of Bill 2 on Wednesday, December 10, 2003.

(8) That the clerk of the committee, in consultation with the Chair, be authorized, prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements to facilitate the committee's proceedings.

The Chair: Are there any comments?

Mr John O'Toole (Durham): Just with respect to subcommittee report item number 6, this doesn't leave us very much time to contemplate significant amendments to the bill, which needs amendment. I gather we have to file those by tomorrow morning. So if we're meeting till later today, I may have to consult with legal counsel Laura Hopkins.

The Chair: I would mention that at the subcommittee meeting Mr Miller agreed with and put forward this timeline.

Mr O'Toole: Thank you.

The Chair: Any other comments? Does the motion carry? Agreed? Carried.

MINISTRY OF FINANCE

The Chair: Members will have an agenda on their desk. It is also on the back side with other information; a two-sided agenda. What we have this morning is the opening, as the subcommittee report suggested. I want to welcome the Minister of Finance to the committee. The minister has 40 minutes for a presentation and/or answers and questions.

At this time, I welcome the Minister of Finance, Mr Sorbara. The committee is in your hands for the moment.

Hon Greg Sorbara (Minister of Finance): Mr Chair, members of the committee, it has been a long time since I have participated in a committee hearing and a very long time since I participated in a committee hearing as a member of the executive council and as a presenter or a sponsor of a bill. If I am a little rusty this morning, I'm sure my friend from Durham will—

Mr O'Toole: Hold you to it.

Hon Mr Sorbara: —hold me to account, but with some temperance.

Interjection.

Hon Mr Sorbara: He said, "Respect as well." I appreciate that.

Bill 2 is, in some respects, the beginning of the reconstruction of the financial and fiscal viability of this undertaking called the province of Ontario. It is the first step in re-establishing a more appropriate balance between the revenues that we collect as a government and the expenditures we make as a government.

Bill 2 is about creating sustainable government in Ontario. It's about, as our party said during the campaign, living within our means. There has been a great deal of interesting rhetoric in the Legislature about these tax measures. The only one I find somewhat troublesome, if not to say offensive, is the suggestion by some members, and frankly some commentators, that the new Liberal government is not living up to what it said during the campaign in respect of taxes.

I think we were clear about everything during the campaign, but if we were clear about one thing only, we said without equivocation that we would be rolling back the previous government's corporate tax cuts to the levels that they were in 2001. We said that because we knew, from the moment those measures were put into place, that those tax cuts were unaffordable, that they did serious damage to the revenue base of the province, and if they were allowed to continue, they would put the province into a serious deficit situation.

We said as well that we were going to maintain personal income taxes at the levels they were at the time of the election, and this bill does that as well.

We said during the campaign, with clarity and sense of purpose, that we must not proceed with the equity in education tax credit, or whatever it's called, because it represented an ill-advised and inappropriate shift of public funds from a public school system that was bleeding very badly to a private school system that is beyond the purview of government's responsibility to fund. We said that very clearly: "We're not going to go ahead with that. We're going to cancel that. If you want a private education tax credit, vote for the other folks."

1010

We said as well during the campaign that we were going to repeal the seniors' education tax credit, not because we weren't concerned about the circumstances of seniors, particularly those living on fixed incomes, in an environment where property taxes are going up, but because the tax credit was ill-conceived, completely out of whack in terms of equity and, at this stage of the province's financial life, totally unaffordable. I'm going to get into that in somewhat more detail during the course of my remarks.

One of the other things that we made very clear during the campaign was that we were going to deal with tobacco taxes, and we have been able to include our first step on that issue in Bill 2 as well.

Finally, I think, subject to going through my notes, we have extended the GO Transit development charges system that we inherited upon forming the government, to continue to desist on where development charges in GTA municipalities could be levied in order to fund GO Transit. I was particularly pleased to work that measure

into the bill, because had we been forced to delay any further, that development charge would have simply expired, putting in further jeopardy the development of the growth of public transit in Ontario. I think that members of this committee, even those who are not representatives from the greater Toronto area, know the issue of transit in this community, in the GTA, is serious and urgent. We'll be having more to say about that over the course of the next months and years.

I just want to spend a moment or two on Erik Peters's report and what we discovered subsequent to our collective swearing-in as a government. I think the broad terms of Peters's report are now well known. His mandate was simple and clear: Please compare the financial circumstances of the province today with the financial circumstances of the province when the budget was presented in March this year. His analysis, straightforward and objective, indicated that, on the current course, the government would be facing a deficit of some \$5.6 billion. What wasn't in the report, because it wasn't commissioned, was that the course we were on, in the absence of tax measures or expenditure constraints, would result in deficits next year and the year after approaching \$7 billion, \$8 billion and \$9 billion. That's what economists call a structural deficit.

Although the possibility of a structural deficit is not as severe as during the period of 1990-91, I say to my friend from Beaches-East York, when the New Democratic Party was in government and encountered a very serious recession that had a horrible impact on revenues, the structural deficit we inherited from the outgoing government was and is very serious. Just by way of contrast for members of the committee, if I might, and not to be an apologist for the period when the New Democratic Party was in government, their serious deficit problems were attributable, at least in significant part, to a recession/depression that afflicted the North American continent and had at least one of its epicentres in Ontario. That affected property—it affected all the major components of the Ontario business sector.

In contrast, the structural deficit we inherited, coming into power on October 23, arose notwithstanding that over the course of the past eight and a half or nine years, Ontario participated in an historic period of economic growth for the North American continent. I don't want to give anyone credit or give anyone grades on that period of economic growth. Some will say it was just a matter of the demographics of the North American continent: The baby boomers were at their most productive during that period, and a revolution in high-tech and certainly in auto and housing was historically strong throughout that period.

Was it sound economic policies from the Clinton administration? Was it the sound economic policies of the Chrétien government and his finance minister, the soon-to-be-sworn-in Prime Minister-designate, Mr Martin? Was it because of a wide variety of factors? The simple truth is there was significant economic growth in Ontario, in concert with the rest of the continent, between 1995

and 2003. Notwithstanding that economic growth, we inherited a situation where the province's balance sheet was in what I can only describe as a horrible mess. That's our starting point.

Before we go to questions, I now want to go through the major elements of Bill 2. I recall criticisms in the Legislature, particularly allegations from Conservative members about this bill being, my friend from Durham says, "The mother of all tax bills." I want to put on the record that it's a significant tax bill. The rhetoric about the largest tax grab in history is OK for Parliament, I guess, and it's OK for political jibing, but the practical reality of this bill is that it is significant and does go some significant way toward repairing the balance sheet of the province on the revenue side. It does not bring us back to a state of AAA health; a lot more work is going to have to be done in order to get there. But it is significant and there's no toying with that. These are significant tax measures.

1020

What do we do in Bill 2? First, we cancel the equity in education tax credit, effective January 1, 2003. That is plainly consistent with the proposals we brought to the people during the campaign, which were broadly supported. I still hear people saying to me on the street, "You're doing the right thing with the private education tax credit."

I want to make very clear that this is not a criticism of the wonderful private school network that exists in Ontario. All six of my children went to a modest and very effective private school, the Toronto Waldorf School in Richmond Hill—I don't know why they call it the Toronto Waldorf School if it's in Richmond Hill, but that's what it is. It's in no way a comment on that system. We need a good private education system in Ontario. It has flourished over the past 130 years of Confederation, and it will continue to do so. The single most important point to be made here at committee once again is that we cannot use public, taxpayer dollars to pay for that private system. In particular, we can't do it at a time when the public education system has been so destabilized, I say, by policies of the previous government. I think the issue you're going to be hearing about during these committee hearings is the effective date of the cancellation of that credit. It was the government's determination, given its financial circumstances, to make it effective January 1, 2003. That means there will be no credit paid in respect of participation in the private system during the current calendar year. I think you're going to be hearing quite a bit about that from those who make deputations and those who make submissions to this committee.

Under this bill, we are going to repeal the Ontario Home Property Tax Relief for Seniors Act, 2003, a bill that I believe was passed by the Legislature simply for the purpose of enhancing the Progressive Conservative Party's chance of re-election in the election of October 2. It was a bad bill, it was bad business, and I must say there was a cynical element in it that I always found very offensive. I noted during the campaign how many seniors

said to me that they were doing the wrong thing with this bill. But as a very practical matter for me, the worst thing about this bill was the extent to which it was so regressive in tax terms. My friend from Perth-Middlesex, a good financial expert, knows very well what we mean when we describe a tax measure as regressive, but let's go over it here in committee.

A regressive tax measure is one that provides the greatest amount of benefit for the person who needs it the least and the least amount of benefit for the person who needs it the most. So, take two seniors who live in Vaughan. One of them owns a home that has a value of, let's say, \$100,000. You can be sure that senior is living on a fixed income and is finding difficulty paying his or her hydro bills, water bills and perhaps the bills associated with just putting food on the table. So, senior number one: \$100,000 value under the great MPAC system. Across the street, another senior did very well in his or her life. The house is valued at \$1 million. Under the Ontario Home Property Tax Relief for Seniors Act, 2003, the individual with the home that is valued at \$100,000 gets a tax credit of approximately \$350. It's not going to make a great deal of difference in the life of that senior or that couple, particularly because in order to get the \$300, you lose the other seniors' tax credit that had been applicable before this legislation was brought into place. By the way, we're re-establishing that under this act.

Now go to the other neighbourhood. The senior who lives in a \$1 million home and probably spends a good deal of the wintertime down south receives a tax credit of \$3,500. As I told a reporter during the campaign, "Imagine my situation. If I'm 65, I need that property tax credit like I need another cheeseburger." It was way out of whack, and it is extremely important that we kill that initiative in this bill before any of the many seniors in this province actually has any benefit. I just want to put on the record that no credit has been paid under this act. There were a few applications. Those who applied have been notified that there is an initiative in the Legislature to eliminate the bill, so don't expect to receive it.

I want to now go to the corporate income tax changes, raising the tax rate for large corporations to 14% from 12% and to do so effective January 1, 2004.

I want to put on the record before this committee that this initiative would never receive my support if I thought that raising these large corporation tax rates would affect the competitiveness of Ontario businesses. We can't afford to do that any more. I continue to hear by way of an echo the complaints about the government that I was part of between 1985 and 1990, the complaints about the government that was in power between 1990 and 1995, complaints about excessively high tax rates. We can't afford to do that. We must not replicate that. We must ensure that our corporate and personal income tax rates allow us to compete vigorously in a North American and global economy.

I want to tell you that I am personally satisfied that raising these rates at this time does not compromise our

competitiveness. In fact, most of corporate Ontario had already contemplated this change in rates over the course of the past year. Indeed, before the election, one corporate public board that I sat on certainly anticipated that our party would win the election, that these rates would go up and that they were manageable and appropriate.

My own experience during the campaign, and I met with lots of business people, both from Ontario's large and public companies to small business people, was that while I wouldn't say to a person, there was general consensus that Ontario needed these additional revenues to start to return the province to a level of sustainability.

Also in Bill 2 we maintain the small business tax rate of 5.5% for 2004 and subsequent years. I want to make it very clear that the adjustments to the small business tax rate, which are complicated and need not be the subject of careful analysis in this committee, have a neutral impact on taxes. There are some small businesses—I think the number is 5,000 or so—which actually will have a somewhat lower tax rate than they would have had, had it not been for the application of the bill. One of the things we do is that we increase the small business threshold to \$400,000 effective January 1, 2004. That in itself is important for a certain number of small businesses. "Threshold," for those members who might not understand it, is the level at which a certain tax rate kicks in.

A few other measures incorporated in the bill—and I'm going to deal with these very quickly—simply maintain personal income tax rates at the level that they are right now. There were some allegations that we were not continuing with—I'm searching for the right title for it—tax reduction, that part of the program of the previous government that took those at the lowest levels of income off the tax roll. We have not changed that, and this bill does not have significant impact in that regard. It is important to put the very smallest amount of tax burden on those who earn the least in this province. We continue with that policy, and I think it has been the policy of governments of all stripes over the course of the past 20 years.

1030

A couple of other small things and then I'll wind up.

We extend in this bill until March 31 the retail sales tax rebate for certain Energy Star appliances. This was a program that was brought in by the previous administration which eliminated for a period of time the retail sales tax that is paid on highly efficient—in energy terms—home appliances. We're going to continue until March 31 next year.

Finally, a note on the tobacco tax increases. We will be continuing in this March the rate that was selected of \$2.50 a carton, although the intricacies of how that is calculated are something nobody in this committee will ever want to know about, if you have your wits about you—so effectively \$2.50 per carton. A trade-off here was increasing the level of taxation, with a view in mind of reducing consumption, but also not creating an environment for a new black market in tobacco products.

I remember when the national government, after having raised taxes very, very high, had to take steps to lower tobacco taxes in order to dampen the black market, not to say absolutely kill it. We have to be very sensitive to that, but we will be continuing with our tax measures in that regard.

Finally, the bill provides for borrowing authority of up to \$7.1 billion to allow us to make debt payments and invest in our programs. I've been asked about the significance of that \$7.1 billion. There is no particular significance to it other than that it provides a sufficient cushion for all eventualities. The government will be borrowing this year in order to finance the current deficit. In my economic statement before Parliament rises for the holiday break, I'll be saying more about the level of that deficit.

In any event, sir, thank you very much for your attention and the attention of the members of the committee. I'm available for questions at your pleasure.

The Chair: Thank you, Minister. We have approximately four minutes per caucus.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Thank you, Chair. Congratulations on your appointment.

Our minister has summarized what I consider a dizzying array of measures to remove money from the people in Ontario. You've made mention of cancelling the seniors' property tax credit, eliminating planned income tax cuts for individuals, scrapping the tax break for parents who send their children to independent schools, jacking up tobacco taxes and dingy any farm or mining company or logging company that's incorporated.

You made mention of Erik Peters's report. There was also the Fraser report during the election which made mention of a deficit and advocated two things: Lower taxes and make reductions in unnecessary spending. Minister, are you taking any action at all on those recommendations?

Hon Mr Sorbara: The answer is no and yes. I appreciate why the Fraser Institute might carry on the mantra that further lowering of taxes, for them, is one avenue out of the problems the province has. Frankly, our analysis and my own analysis over the past eight years in this jurisdiction and others is that a policy of simply lowering and lowering taxes cannot get you out of the kinds of problems that Ontario faces.

On the other side, expenditures, the answer is yes. We have to take a hard, careful and continued look at how to recast our expenditures and reorganize government so that it becomes affordable again. But this bill answers your first question. For the time being, given our circumstances, lower taxes are not possible. Down the road, yes, that's our objective, certainly it is; but for right now, no. Expenditures: absolutely, we have to look at every single expenditure to determine whether or not we're getting what we are paying for.

Mr John R. Baird (Nepean-Carleton): I just have two questions. One is, did you do any calculations with respect to how many people would go back on, or would not come off, the provincial income tax rolls in terms of the lowest- and modest-income families in Ontario?

Hon Mr Sorbara: I don't have those calculations in front of me but I am satisfied, if memory serves me well, that we are not bringing more people on to the tax rolls by way of these measures. The tax reduction program of the previous government remains in place.

Mr Baird: I'm talking about what would have happened as of January 1 with this legislation. Would you be willing to share that with the committee this afternoon or tomorrow morning so that we can have that?

Hon Mr Sorbara: Certainly, we'll get some information to you.

Mr Baird: My second question: With your increases in tobacco taxes, how much reduction—you said one of your objectives in doing this is smoking cessation, which we all support. I'm a non-smoker. How much less in tobacco sales are you budgeting for with the new revenue that you'll get from these tax increases?

Hon Mr Sorbara: Again, we'll get you some hard data from the ministry on that later on. I just want to say, in general terms, that this is an inexact science. Some people, by virtue of the fact that the government says it's going to raise cigarette taxes, just say, not particularly because of the money, "I think I'm going to quit." There is a wide variety of factors that go into the overall policy agenda of all levels of government to reduce smoking. I think the measures that we look for down the road and that the Premier has spoken of will have a greater impact, but this will have a significant impact. We'll get you some more data directly.

Mr Baird: On the money side, just to clarify, I was particularly interested in how much less in sales and how much revenue you expect to bring in. That will be helpful. Thank you so much.

The Chair: Now to the NDP. You have four minutes.

Mr Michael Prue (Beaches-East York): I have four questions, and hopefully they're all one minute each. How much money do you propose to be saving by the cancellation of equity in education? There was a lot made of it during the election: It could be \$100 million, \$500 million; numbers were floating everywhere. How much precisely do you see that saving today?

Hon Mr Sorbara: This year we will save \$165 million or thereabouts and next year in the order of about \$450 million. If that's incorrect, I know that ministry officials will send up paper later on, but I think those numbers are in the right ballpark—\$165 million this year.

Mr Prue: Same question on the repeal of the seniors' tax credit.

Hon Mr Sorbara: Tom, do you want to come up and talk about that for a second? You have those numbers.

Mr Tom Sweeting: Yes. My name is Tom Sweeting. I'm assistant deputy minister, office of the budget and taxation in the Ministry of Finance.

Mr Prue, the minister is correct: \$165 million is the estimate that finance has provided for the elimination of the equity in education tax credit this year on an ongoing full-year basis; \$195 million is the estimate of what that would save on a full year's basis. The senior estimate is \$340 million, I believe, for this fiscal year and \$450 million on an ongoing basis.

Mr Prue: Corporate tax rates: How much is that?

Mr Sweeting: On a full-year basis, we're looking at about a billion dollars for 2004-05, next fiscal year.

Mr Prue: That's a billion dollars extra?

Mr Sweeting: Yes.

Mr Prue: OK, and the tobacco tax increases? I know this is not exact, because I think people are quitting smoking as a result.

Mr Sweeting: Yes. Again, there was an earlier question which, as the minister said, we will respond to in terms of a little more information, but we are looking at about \$140 million, again full-year, next year from the \$2.50 increase.

Mr Prue: If I do fast math, I'm looking at somewhere under \$2 billion on a structural deficit of \$5.6 billion and perhaps going up. That's a long way from where you're trying to go. I assume the rest is going to be reduced expenditures if you're going to try to balance the budget at all.

Mr Baird: Or they could just continue to blame us.

Mr Prue: No. Are you going to try to balance the budget this year or are you going to reduce expenditures?

Hon Mr Sorbara: We're going to be saying more about the government's financial plans in my economic statement. I should tell you that the provisions of Bill 2 were never designed to completely repair all the damage that has been done. Overall, in one fiscal year, all of these measures together should represent about \$2.9 billion in revenues to the province. If you just apply that to this year, it's about half the \$5.6-billion deficit, so clearly there's a lot more work to do in terms of recasting and reorganizing our expenditures. Also remember that we are in a growing economy and some of the solution will revolve around increased and vibrant economic growth.

1040

The Chair: Thank you. We'll move to the government caucus.

Mr Colle: Mr Minister, in terms of this concept—and I heard Mr Prue just mention the structural deficit. I've heard you talk about the fact that there's a \$5.6-billion deficit. I think you then also talk about a structural deficit. Could you give an example or explain what this structural deficit is?

Hon Mr Sorbara: I think economists use the word "structural" because it refers to the foundations. We have problems at the foundations. If nothing else changes in the way we do business in Ontario, a structural deficit means that on an ongoing basis, expenditures continue to grow faster than revenues, so the two lines never meet. It's called "structural" because it refers to the program commitments already made in the organization and the revenue base that already exists in the organization. "Structural deficit" means that there is no easy way, without significant change, of living within a balanced budget.

Mr Colle: Just briefly, we talk about the deficit. What has happened to the provincial debt? Where is it at, as we speak, at this point?

Hon Mr Sorbara: Around \$130 billion, if we add in the debt that we carry from Ontario Hydro, and that debt has increased over the course of the past eight and a half or nine years, in the order of \$22 billion to \$24 billion.

The Chair: I want to thank the minister for making his presentation available to the committee this morning.

Hon Mr Sorbara: It was a pleasure being here.

Mr Tim Peterson (Mississauga South): Mr Chair, can I ask another question?

The Chair: We have other presenters and we're trying to adhere to a time schedule that was decided by the subcommittee.

ONTARIO ALLIANCE OF CHRISTIAN SCHOOLS

The Chair: Would the Ontario Alliance of Christian Schools please come forward. I welcome the witnesses and remind you that you have 20 minutes for your presentation. That can be made up of questions, if you so desire. I would ask you to state your name and organization for the purposes of our committee as well as for Hansard.

Mr John Vanasselt: My name is John Vanasselt. I'm director of communications for the Ontario Alliance of Christian Schools. I'll let my colleague open for me.

Dr Adrian Guldemon: Good morning, Mr Chairman. My name is Adrian Guldemon. I'm the executive director of the Ontario Alliance of Christian Schools. I would like to begin by addressing the committee on the bill before you. After I finish with an introduction, Mr Vanasselt will make some additional comments and handle the questions from the committee.

We thank you for this opportunity to address you on that portion of Bill 2 that amends the Income Tax Act to eliminate the equity in education tax credit. It is our position that the equity in education tax credit is good public policy for the following reasons, and that is why are asking you to recommend to retain it.

In our view, this particular bill establishes official recognition for the independent school sector, and so builds a bridge to the public school education system. Secondly, we believe it is good public policy because it creates accountability mechanisms through public disclosure requirements. Furthermore, in our view, it also settles the discrimination issue, which is a question in this province because the province wholly funds Catholic schools and does not fund the other faith-based schools in this province. We believe that by retaining the credit, you will be putting Ontario into the progressive group of provinces in this country, which have an inclusive educational policy for all families in the province.

We would like to take a moment to explain something about our schools. I believe you have other groups speaking this afternoon. We believe that the schools we represent reflect a mosaic of this province. The 13,000 students we represent come from all backgrounds, all denominations, all demographic and socio-economic levels, including single mothers who are on welfare and

for whom we provide tuition assistance. Our graduates have a very high level of acceptance in the universities of this province. Our teachers are certified and qualified, and 60% of them are members of the College of Teachers of this province. It's our view that we are a regular part of the educational mosaic of this province and, as such, deserve to be included in the system.

The organization we represent has been in existence for 50 years. Over the past 30 years, we have been pursuing what we believe to be an equitable justice goal, and we thought we had sort of achieved that in the preceding number of years. So we believe that it would be really good for the government to probably review that particular small clause in Bill 2.

Our fundamental vision on which our own principles are based is fairly basic to all Canadian schools that are operating in this province, and I would like to highlight that for you by reading a section from the old Canadian Bill of Rights, and that has been part of our operating premise, in which the Parliament of Canada agreed that this country is "founded on the principles acknowledging the supremacy of God, the dignity and worth of each human person and the position of the family in a society of free men and institutions; affirming also that men and institutions remain free only when freedom is founded upon respect for moral and spiritual values in the rule of law." It is our view that that respect for moral and spiritual values is the reason why we believe a government policy supporting independent schools is in fact a just one.

I would like to have my colleague speak to a number of educational issues.

Mr Vanasselt: One number: I've checked with CCRA with respect to the anticipated cost of this tax credit. We've done some research in our organization, and we know a little bit about other independent school organizations in the province. Our estimate is, based on actual numbers that came to our families, that last year the tax credit paid out between \$25 million and \$30 million, which this year would double to between \$50 million and \$60 million. That's based on research in our own organization. That's the only number I'll probably raise here, but it's worth mentioning that CCRA has said they have not distributed the number that Mr Sweeting raised earlier.

We believe the tax credit is good public policy. We believe that it encourages parents to become involved with the education of their children. There is no discussion about that fact, that parents ought to be involved with the education of their children. There was a teachers' survey at the College of Teachers this past summer: 98% of the teachers said students' education improves, their performance improves, when their parents are more involved. We believe that any policy that strengthens the family is good for Ontario. This tax credit was a policy that strengthened the family.

1050

We agree with the Alberta task force on funding of private schools in that province where they said that

funding independent schools and parental choices is a public good. This tax credit provided the most benefit to low- and middle-income families, and Statscan tells us that well over 70% of the people who choose independent schooling in this country are from low- and middle-income brackets. The right people benefit.

The irony here is that if this tax credit is removed, ostensibly for financial reasons, if parents have to return their children to the public school at the cost of \$7,800 per student, it will in fact cost this government more to educate those children in the public school system than if this tax credit had been allowed to develop to its maturity.

It makes good educational sense. There's increasing evidence from all over the western world that school choice improves all education. The majority of Ontarians—I have a poll from this past summer, where a majority of Ontarians, on an Ipsos-Reid poll, state and agree with the view that, "If parents could freely choose the school for their children, all schools would improve." A majority of Ontarians believe that.

Independent schooling provides reference points for the public system. Research from British Columbia suggests that improvement from within the system can come from choice within the system. There are Harvard studies that say that as you increase choices, everybody's performance increases in ratio. The requirements of the tax credit provided parents with more information about their schools, their teachers, their programs, their evaluation techniques and the financial operation of the school than any public school parent gets. That's the regulation of the tax credit.

With this public disclosure, it's an excellent solution between a voucher system on the one hand, where you give parents money but require nothing of the school, and the associated school model, which is in Edmonton, on the other hand, where you don't give the parents the money, but you take away the integrity and the autonomy of the independent school in order to receive the education.

Thirdly, the tax credit ensures Ontario's good reputation. It has already been mentioned that the United Nations Human Rights Commission ruled in 1999 that this was discriminatory: not to fund all religious-based schools if you're going to fund one system. This to me is a deliberate return to that discriminatory situation, state-sponsored discrimination, I guess it is.

There are many more arguments that can be made. There are volumes on school choice coming out of reputable universities around the world. In jurisdictions where school choice is a fact of life—which, by the way, is most of the western world—a growing body of research confirms its validity.

We urge this committee not to take a step backwards, which is what will happen if this tax credit is repealed. We urge the government to implement the tax credit as it was legislated and to get busy with your planned reforms to public education. School choice and public education are not mutually exclusive. It's happening all over the

world at the same time. Ontario's children deserve no less, both those who attend independent schools and public schools.

The Chair: Thank you. We have just slightly over two minutes for each caucus, and we'll begin with the opposition.

Mr O'Toole: You have worked very hard over the years, and I'm sure you'll continue to work to achieve equity as you so described it. I just want to focus on one area briefly. If I look at this, it's retroactive to January 1, 2003; it's the retroactivity, a rather punitive measure. That could have said, "OK, the rules have changed." I understand that. I may not agree, but I understand, and there was an election. I'm wondering, what's your response to the retroactivity and what will it do to the plight of single parents and others that you've described in your opening remarks? Will it in any way diminish the parental choice option that you provide?

Mr Vanasselt: I know for a fact that for a number of low-income, including single-parent families, the retroactivity will cause them great pain, to the point where they may have to go out and borrow money that they were expecting to receive from the tax credit in order to pay the tuition. They planned their lives on what they thought they could count on. School boards, in turn, always grabbing for money—independent schools, all needing the money, probably even raised their tuition fees and their budgets to some degree. So now these parents get dinged at both ends: They get less money coming in and they have to pay higher fees.

Mr O'Toole: Do you think it will affect them during this time of year specifically, with this bill going through just prior to Christmas, that perhaps they'll have to cut back—

Mr Vanasselt: I would think it's tremendously demoralizing. Grinch comes to mind.

The Chair: We'll move to the NDP. Mr Prue.

Mr Prue: I'd just like to hammer down here and get a little bit better idea. You said that the cost to the taxpayer would be between \$25 million and \$60 million. You used those two figures and they were in stark contrast to what the minister said, \$165 million this year and \$450 million next year. Also, there was a number thrown in by the assistant deputy minister of \$195 million as well for this year; I'm not sure exactly. Who did your assessments?

Mr Vanasselt: Those assessments are based on research in our own organization, checking with parents who received the tax credit based on the tuitions they pay in our organization. We've determined that in our organization parents received an average of \$280 per student last year. That number was to have doubled this year, all other things remaining equal.

Mr Prue: That's your organization?

Mr Vanasselt: Yes.

Mr Prue: So that does not include Jewish schools, Muslim schools, private schools, academic private schools. This is just your organization.

Mr Vanasselt: It's our organization. We also know that in many of those organizations tuitions are as low as

they are in our schools, which is what results in the tax credit.

Mr Prue: I'm trying to get down to the cost to the taxpayer. If it's somewhere between \$25 million and \$60 million for Christian schools, then is the number \$165 million for all private schools correct?

Mr Vanasselt: No, sir. The number for Christian schools last year was three and a half million.

Mr Prue: Just three and a half, OK.

Mr Vanasselt: For our organization, yes.

Mr Prue: Where did you get the information from the other schools, the Muslim schools, the Jewish schools, the other religious schools?

Mr Vanasselt: The information is word of mouth, as to: "What do you charge for tuitions? What are your average tuitions?" Once you know that, you can extrapolate and say you can claim up to 10% of that tuition. We know, for instance, that there are a great number of ACSI Christian schools where the tuition is under \$3,500. The maximum those people can claim is \$350 if the tuition is \$3,500.

The Chair: We'll move to the government caucus. Mr Colle.

Mr Colle: I think Mr Prue brings up a good point. In your estimates of what the cost is, you are not including the Havergals, the Upper Canadas, which charge \$20,000. You're not including the Jewish day schools. You're not including the private business schools. Are you or are you not?

Mr Vanasselt: That's an issue, but the maximum they could still claim would be \$700 per student; is that correct? No matter whether tuition was \$20,000 or \$30,000, the maximum they could have claimed last year per child would have been \$700.

Mr Colle: We're talking about projections over the year. But just again, in your statistics, when you quote up to \$65 million, you're not including a survey of all the private schools that exist in Ontario. Are you or are you not?

Mr Vanasselt: We're guessing.

Mr Colle: OK.

Dr Guldemand: We did a survey and that is our estimate of what that benefit would have been, including those schools.

Mr Colle: You did a survey of all the schools in Ontario?

Dr Guldemand: Yes.

Mr Colle: And you came up with \$65 million tops?

Dr Guldemand: Yes.

Mr Colle: Surveying all the schools, private, independent—

Dr Guldemand: Now, that was also using the number of eligible schools. Not all schools are claiming the tax credit. The other factor that needs to be added to this calculation, for example, is that for all the religious schools, there's also a federal tax credit that gets subtracted up front, so that lowers the amount. The majority of independent schools are faith-based schools that claim

that federal tax credit, so that reduces the sort of the hypothetical 300.

Mr Colle: Could you share that survey with us that you did of all the schools in Ontario?

Dr Guldemand: We'd be happy to show you how we got the number.

Mr Colle: Thank you.

The Chair: Mr Wilkinson, if you have a very quick question.

1100

Mr John Wilkinson (Perth-Middlesex): Just to be clear, you are not under any requirement with the way the system is right now that you have to teach the public curriculum, you don't have to have publicly qualified teachers, you're not publicly accountable other than to the families who send their children there, and you don't have to take every student. You can deny some students access to your school. I guess the fundamental question I have is, why should public money be going into a system that is able to operate beyond what normally the public requires in regard to accountability for curriculum, teachers and access for students?

Dr Guldemand: The basic answer is that all of our 14 high schools issue the Ontario secondary school graduation diploma. They are inspected by ministry inspectors and the program follows the provincial curriculum, and our graduates are accepted in every university of this country. As far as we are concerned, we in fact follow the public education norms.

Mr Wilkinson: And any student is welcome? I thought their families had to attest to the faith statement that is the basis of the school, which is understandable.

Mr Vanasselt: No, there's a distinction between what a parent needs to attest to to become a member of our society. We have a society that operates a school and the parent needs to attest agreement with the basic statement of faith. Enrolment of a student is made on the basis of educational reasons: Is there space? Do we have the teachers? Do we have the programs? Do we have the special resources that are needed for that particular child? Now it stands to reason, in the same way as students would choose to go to a Rainbow program or a native schools program, once you recognize what the program is, presumably you only get the people who are interested in that particular program.

The Chair: Thank you for your presentation before the committee this morning.

CHILDREN FIRST: SCHOOL CHOICE TRUST

The Chair: I would call forward Children First: School Choice Trust. Welcome to the committee. You have 20 minutes for your presentation. As you may have noted, some of that time can be used for questions, if you so desire. I would ask you to state the name of your organization and your name for the purposes of our committee and for the Hansard record.

Ms Virginia Gentles: I am Virginia Gentles. I am the program director of Children First: School Choice Trust.

Mr Chairman and members of the committee, I'm here today to speak about Bill 2's retroactive cancellation of the equity in education tax credit, also known as the EETC. A lot of my comments will echo the comments you've just heard from the Ontario Alliance of Christian Schools, but I do think that I have a unique perspective to offer.

I have heard Premier McGuinty refer to the EETC as the "reckless private school tax credit." The Premier and the Ontario's teachers' unions claim that the tax credit "drains dollars and hope away from public education."

What the tax credit really does is provide a financial lifeline for the many thousands of Ontario families who depend on it for their children's education. As you know, when fully implemented, the EETC would have offered Ontario parents a refundable tax credit of 50% of up to \$7,000 in independent school tuition. That \$7,000 is the average cost of independent school education in the province, an amount that's significantly less than the more than \$7,800 it costs to educate a child in the public system.

With the tax credit's cancellation, many lower- and middle-income Ontario families will struggle to provide their children with an independent school education, and that's what I think is really disappointing and it's why I'm here today. I am concerned about the lower- and middle-income families and the impact this cancellation is going to have on them.

The tax credit was introduced to provide families with the financial assistance necessary to afford their school of choice. These families choose independent schools for a variety of reasons. It's important to note that it is a wide variety of reasons and they're all very legitimate. They include religious or academic concerns, a desire to protect their child from being bullied, which is something I hear a lot, or because their child has a special need and could not flourish in the public school classroom. The families know how to choose the school that is best suited for their child; they just need the financial support.

Families of all incomes utilize the EETC, and because it is a refundable tax credit, its cancellation will have the greatest impact on the pocketbooks of lower-income and middle-income Ontario families.

I want to reiterate the Ontario Alliance of Christian Schools' citation of Statistics Canada's report that most families choosing independent education for their child are from these low- and middle-income brackets. I think the figure was somewhere around 70%. It's quite high.

I work with these low-income families in my role as program director of a new independent tuition assistance program for Ontario families called Children First: School Choice Trust. I think you've heard about us.

Children First: School Choice Trust is Canada's first and only privately funded program to help Ontario families improve their educational choices. We offer tuition assistance grants to lower-income parents who want to send their child to an independent elementary

school, but can't afford it. The program, which is currently serving 150 children in 81 independent schools across the province, funds up to 50% of tuition costs, up to a maximum of \$3,500 a year, for children from junior kindergarten to grade 8. We're taking these kids all the way through elementary school. We award our grants based solely on financial need, not on academic merit or past marks.

One of our grant recipient parents, Allison James, told us, "I make significant financial sacrifices in my budget in order cover my children's tuition. Without the tax credit, it will be difficult to provide my daughters with the education they need." I think that Mrs James would have liked to be here today, but we did find out about this at the last minute. She really wants to make sure you understand her concern that the cancellation of the tax credit will deepen the inequity in opportunity for school choice that exists between wealthy and lower-income Ontario families. As a low-income single mom, this is really upsetting to her.

Parents currently sending their children to independent schools are not alone in their support for equity in education. As you just heard, a recent poll found that three quarters of Ontario residents polled agreed or agreed strongly that, "parents' satisfaction with education would increase if they were able to freely choose the school that their child attends." That's an incredible figure. Three quarters of Ontario residents are supportive of school choice, and just over half of Ontarians believe that "If parents could freely choose the school for their children, all schools would improve." What we can all agree on is that we want all schools to improve.

The parents across Ontario choosing to send their children to independent schools are expressing satisfaction with their choice. We've sent out a survey to our participating parents and are getting incredible feedback from them. They are just thrilled with their independent school and quite happy with the way it meets their child's very particular needs. This trend with parents' satisfaction is consistent with research that shows that when funding follows children to their parents' choice of school, parental satisfaction, academic achievement and educational opportunities improve.

The teachers' unions and public education establishment, who will be here later today, should not view the tax credit and the 870 independent schools in the province, of which only 5% fall under the old-fashioned category of elite, as a threat. Studies show that competition from independent schools is often a key factor in fostering high student achievement. When faced with competition for student enrolment, public schools respond both by providing a greater choice of programs and by paying more attention to student achievement. I think we see that already in Ontario, with the increase in public school programs, offering magnet programs, offering advanced placement and international baccalaureate programs—special programs designed to meet the unique needs of children in the province.

Thousands of Ontario families applied for Children First: School Choice Trust tuition assistance grants. The

application numbers we received were phenomenal. We received 4,300 applications for 150 spots when we announced our program at the beginning of this year. These thousands of families who applied for grants when the program was announced last winter revealed the overwhelming demand from lower-income families who cannot currently afford even the modest tuition charged by many independent schools. Now that they have our financial support, these first grant recipients have chosen independent schools with an average cost of \$6,300. They were able to shop around in the market of 870 independent schools and find schools that fell below that average of \$7,000. This is a stunning figure. The average household income of our participating families is \$26,500. These are truly low-income families.

As we can see, independent school education in Ontario is not exclusive or elite. We're not talking about Upper Canada College or Havergal; we're talking about schools with tuitions of \$6,300 and families with incomes of \$26,500. The equity in education tax credit is clearly not a tax giveaway for the rich.

Programs like Children First and the equity in education tax credit provide families who are eager to choose their child's schools but are sometimes overlooked. Parents of all incomes are eager for greater educational opportunities for their children and will suffer with the cancellation of the tax credit.

Mr Chairman and members of the committee, I appeal to you on behalf of the Children First tuition assistance grant recipients and the thousands of other low-income families in Ontario desperate to send their child to independent schools: Please do not cancel the equity in education tax credit.

The Chair: Thank you. We have about four minutes per caucus. We'll start with the opposition caucus.

1110

Mr Barrett: Ms Gentles, I commend you and your organization for setting up this privately funded tuition assistance program. My neighbours down the road attend the Jarvis District Christian School. There are many families that cannot afford this. Given the number of applications you have received, that bears this out. One question that I have is, did you or your organization receive any notice, a public notice, from the Chief Election Officer with respect to the elimination of this equity in education tax credit?

Ms Gentles: No, we weren't contacted at all.

Mr Barrett: There was no notice, to my understanding. Did you receive any indication, perhaps during the election, from Dalton McGuinty or any Liberal candidate, that the elimination of this tax credit would be retroactive to January 1 of this year?

Ms Gentles: No. I think that we're all stunned by that, really horrified by how that's going to affect families' budgets. They're obviously operating on very tight budgets. We're making the assumption that they were going to have this tax credit, so the retroactive nature of the tax credit we find is vindictive and quite surprising.

Mr Barrett: Yes. That goes back nine months from election day. Are you aware of any other tax increase in the history of Ontario that's been levied retroactively?

Ms Gentles: I've been following the debate of Bill 2 and I have read that this is very unusual, and also that the federal government of Canada shies away from retro-active taxes.

Mr Barrett: Much of your work is assisting people with tuition. Are you aware of, for example, all these tuition programs or university tuition programs where students are informed that they're going to lose benefits or actually are going to pay more, going back, say, nine months or a year?

Ms Gentles: I think you make a good point. Our program is very focused on elementary education, so I'm not familiar with those higher education ones. But certainly we'd hear a huge outcry if something like that did happen.

Mr Barrett: Essentially, it's a hike in tuition. Those are my points.

The Chair: Thank you.

Mr Prue: I listened intently, and I was trying to go through your package here and I can't quite find it, so I'm going to have to ask the questions. Was your poll, where three quarters of the families supported choice in education, choice within the public education system or choice within the private school system?

Ms Gentles: That was an Ipsos-Reid poll. I'm not sure how they worded the question. I can read you the exact quote: "Parents' satisfaction with education would increase if they were able to freely choose the school that their child attends."

Mr Prue: All right, so in my community, if someone were to say, "I freely choose that my child go to Monarch Park Collegiate or Malvern Collegiate, and I choose Malvern," just as an example, that would answer—

Ms Gentles: If you were given that choice. In many school boards across the province you don't have that option. Your child falls within a certain catchment area and therefore goes to the public school assigned to the children residing in the catchment area.

Mr Prue: But what I'm trying to figure out is, how does this bolster your argument for private schools? To me, it means that the choice would be, perhaps within the public school system, that those people were answering.

Ms Gentles: Certainly I'm very supportive of the idea of public school choice. I think it's wonderful. The example I gave of public schools introducing magnet programs, IB advanced placement, that sort of thing I think is great news and clearly a response to competition that they're receiving. The public school choices program is a good thing and I'm supportive of that as well.

Mr Prue: My last question: I note from looking through the brochure here that I do not see a charitable number. Therefore, people don't donate to your organization in terms of a charity, in terms of getting tax rebates. How do you get your money from?

Ms Gentles: We are a charity. We have one donor at this point and that's the W. Garfield Weston Foundation. They've provided the funding.

Mr Prue: OK, one donor. How are you a charity without a charitable number?

Ms Gentles: We do have a charitable number.

Mr Prue: You don't put it on any of your brochures.

Ms Gentles: I can provide it to you. We are a charity.

Mr Prue: Thank you.

The Chair: We'll move to the government caucus.

Mr Ernie Parsons (Prince Edward-Hastings): I have quite a number of Christian schools in my community that do an excellent job. I have no hesitation in saying that. I've also served many years as a school board trustee, and here's my concern I need you to comment on.

It isn't school choice for everyone in my community. For example, for a parent of an autistic child or a deaf child or a deaf-blind child—the private schools don't serve them. I can understand that they don't have the resources to serve them, but not every child has the option of going to a private school, because of a lack of services at that private school. I'm a strong believer that for both these students who have special needs and for the advanced student there's great merit in them being together or sharing a classroom or sharing a school. I don't see that every parent has the option of choosing a private school.

Ms Gentles: Actually, what we've found quite exciting is that even within our small pool of 150 tuition assistance grants, the first families starting with us, a number of them have special-needs children. They're finding that they were falling through the cracks in the public system. For some reasons those services weren't matching their particular needs. They have now found independent schools that are designing programs specifically for them, they do have the resources and those needs are being met. A number of our applicants called in to our program and said, "My child has a hearing problem, and the noise in these large classrooms in the public system is just too much. She can't hear. I need to put her in a small, quiet Montessori environment. Can you help me?" So, among our applicants and grant recipients we have a lot of special-needs cases. Even the Christian schools have been meeting those special needs. Faithway Baptist school is a participating school. They have one of our grant recipients and are doing a phenomenal job of putting together a program for her.

Mr Parsons: I've not seen any of the private schools running programs for the developmentally handicapped.

Ms Gentles: It's out there. It's amazing.

Mr Wilkinson: My concern is the retroactive nature about the tax credit that you are counting on that you haven't received yet. The Leader of the Opposition at the time, now the Premier, on the day that EETC was announced said that if he were to form the government, he would repeal it. That was on the record from day one. I received letters prior to the election, all during the election and subsequent to the election from families concerned that the tax credit would be repealed, and the parents who sent their children to them knew that there would be an election, they knew the polls and they knew

that we were very clear. So I'm just a little concerned about somehow this is a surprise. If I receive literally dozens and dozens of letters and deputations as a candidate—now to say that this is a surprise.

You can't have it both ways. This is either a surprise, or all the work you were doing to try to change our policy prior to that, and perhaps supporting other parties, was based on the fact that you knew we would do this. We are being very consistent. That's the thing that kind of concerns me, and the fact that the current tax credit doesn't make any difference between Havergal and Upper Canada College and Lakefield and what a lot of faith-based schools are doing, which again causes us a great deal of concern about what is good public policy, because you're lumped in together. Your comments on that?

Ms Gentles: My comments on your first point are that I think we're making the assumption that families are as engaged and interested in politics as maybe those of us in the room are, and that's not the case. I think a lot of families, particularly lower-income families, particularly single moms, are just trying to get through, day by day, and are just trying to figure out what's best for their kids. They're not out there reading the papers, figuring out what a political candidate is saying. They'll probably vote, but they're not following the debate, the polls, all that sort of thing. They're just there trying to provide the best education for their child. They found out about the tax credit as they were talking to schools, as they were talking to their neighbours, and they then found out about our tuition assistance program and figured out, finally, that they can afford the school of their choice. I think if Premier McGuinty was saying things 10 months ago, they weren't hearing them.

What was your second comment?

Mr Wilkinson: I'm just saying that we were very consistent. So if a school were in that type of private system, where people come and they get to decide what school to go to, you're saying that these families were able to finally arrange to afford to go to that school. Was that school under no obligation to mention to them, financially, "Oh, by the way, if there's a Liberal government elected—and there will be an election and they're leading in the polls—this tax credit you're counting on is going to disappear because that's the stated, clear, consistent policy of a party that is seeking government in this province," and it subsequently won an election? That information wasn't shared with the parents?

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Ms Gentles: I'm the program director of Children First: School Choice Trust. I don't know what the school correspondence with the parents was. I'd imagine, because it would have been such speculation—who knows what's happening with polls and what might change?—that wouldn't have been a huge focus of their newsletters. The schools, and a program like ours, are just there to help the parents, to serve the parents. If there's a tax credit in place, then everyone's under the obligation to let low-income parents know about this

opportunity, because clearly they're struggling to try to put together the tuition money.

As far as your concern about the tax credit treating all parents equally is concerned, whether they're sending their child to Upper Canada, a small Montessori school, a Waldorf school or a religious school, I think the fact that it's refundable is not really treating them equally. When you have an income of \$26,500, money in your pocket, a refund of \$700 is a lot of money. That \$700 is not the same to somebody who is of a higher income. I don't think it's actually lumping everybody together.

Mr O'Toole: On a point of privilege, Mr Chair: Mr Wilkinson mentioned he had numerous pieces of correspondence from parents and deputations raising the issue with him. I would assume he responded. I wonder if I could ask for copies of those.

The Chair: That's not a point of privilege.

Mr Wilkinson: I did so publicly—

The Chair: I want to thank you for your presentation this morning before the committee.

Ms Gentles: Thank you for the opportunity.

Mr Wilkinson: Could we get a copy of that Ipsos-Reid poll for the committee?

The Chair: We will look for it and provide it to the committee.

C.D. HOWE INSTITUTE

The Chair: Our next presentation is by the C.D. Howe Institute. Good morning and welcome to the committee. You have 20 minutes for your presentation. That can be used in total as presentation, or you might leave some time for questions. It's entirely in your hands. Perhaps you would state your name and organization for the purposes of our Hansard recording.

Mr Jack Mintz: Jack Mintz, president and CEO of the C.D. Howe Institute. First of all, I want to thank the committee for inviting me to come here. I was asked yesterday and I was very pleased to try to make time in my schedule to do so.

In looking at today's agenda, the private education tax credit seems to be a significant part of the agenda. I thought I would step back and raise three points about the current bill before you, Bill 2, An Act respecting fiscal responsibility. I think some of the comments I'm going to have will either make all sides happy or all sides unhappy, in terms of some points I wish to raise that I think are very important.

First of all, given the size of the Ontario government deficit, personally, if I were the Minister of Finance, just coming in at this time, I would suspend tax cuts that were being generated in the future, mainly because I have always been very much a hawk on deficits and debt. I'm particularly so with the demographic changes that are occurring in Canada and in Ontario. I worry a lot about the burden on the working population that is only two decades hence. I think that at this point it would be appropriate to suspend tax cuts and I agree with a significant part of the bill in that sense.

On another plane, I am very concerned about the long-run future of the province. In particular, I worry about competitiveness. It's an issue I've studied in my field, public economics, for many years now. I see that Ontario is fiscally non-competitive today. It's not just fiscally non-competitive relative to many jurisdictions in the United States, but it's fiscally non-competitive relative to Alberta and to many countries around the world.

In fact, in the work I've done, even taking into account subsidies in health care, education and other things that help offset the impact of taxation, I've shown that Ontario is particularly off base when it comes to capital taxation. When I say capital taxation, I'm talking about all taxes as they impact on capital decisions. It's not just the corporate income tax rate, which often people tend to concentrate on, but it's all the aspects of corporate income tax systems: capital taxes and sales taxes on capital inputs and non-residential property taxes. All those things impact on capital decisions today, and Ontario's is very much off base. It's a concern that I think this government should have, as well as this Legislature, in the future.

There are some good and some bad tax cuts. As some of you might know from my own writings, I was never enamoured with the idea of mortgage interest deductibility. I think that would have been a bad tax cut for a number of reasons. I was not particularly enamoured with eliminating property taxes for elderly people, although I think there is an issue to deal with in terms of helping some elderly people deal with their property tax payments, and there are ways of approaching that.

But I do think that we'll have some significant problems in the future that we must address. One is on the business investment side, which I talked about. The other is that there are very high marginal tax rates for relatively low-income people in Ontario. These are calculations that we often do at the C.D. Howe Institute—my colleague Finn Poschmann. But when you look at the combination of personal income taxes, payroll taxes, clawbacks on all sorts of income-tested benefits, actually the very high personal income tax rates are not at the top end but in income ranges like \$30,000 to \$35,000. You know, when you have a working mother with two children, this is a tremendous burden. For example, if I give a bonus to one of my employees who's in that income range, that person can only keep maybe \$300 out of a \$1,000 bonus. It really does have a very significant impact on relatively low-income individuals in Ontario. That's an issue that really has to be addressed. I can go on with a number of other distortions in the tax system, but I do think that they need to be addressed.

Let me just make one final point, and that's in the short-run aspects of the particular changes. First of all, as some of you know, I very much think it's been a mistake to raise the corporate income tax rate from the current level of 12.5% to 14% and the general rate and the manufacturing rate from 11% to 12%. Although the federal government will be continuing with its corporate income tax cut next year, on January 1, and therefore,

Ontario is clawing back some of the benefits of that rate reduction at the federal level, we have to remember that manufacturing itself is going to be particularly hit since the federal rate does not fall on manufacturing and processing income. Therefore, that industry is actually going to face an extra tax burden. Given our very poor investment behaviour in Ontario relative not just to the United States but to many other jurisdictions, including even Alberta, which is far better off in terms of investment decisions today, this is a concern that I think people should express.

The other thing is that people forget that raising corporate income tax rates does not generate the kind of revenue that people believe there is. In fact, even assuming no behavioural change, the rate increases will generate in the order of \$400 million at most. This is based on Department of Finance, Ottawa, corporate-income-tax-based statistics and doing some adjustments. But when you take into account income shifting, and that's the ability of businesses to shift income in and out of jurisdictions from high to low tax jurisdictions, raising the rate is just shooting ourselves in the foot in Ontario, where we won't get that kind of revenue pickup as one expects. In fact, businesses will shift to lower tax jurisdictions and Ontario won't get the revenue they think they're going to get. That's another argument about corporate tax cuts. They actually don't generate the kind of losses that people think.

Then, finally, on the private education tax credit: I can go on about school choice and other issues too, but I do want to say that I think the retroactive change in the provincial education tax credit is a very significant mistake. I think, even based on the question I heard before, that there's a really key misunderstanding about retroactivity and the expectations that people have vis-à-vis government changes.

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If people always believe that every party who could potentially become a government—one doesn't know that—is going to raise or claw back past benefits, once making decisions in the past, we would have a very sorry tax system altogether and it would be a significant problem. For example, it is well known that the corporate tax rates were going to be rolled back as a position of the Liberal Party before it became a government, and certainly we did not see corporate tax increases coming in in last year's investment regime. I think it's a mistake to do that and that retroactivity is a very significant problem. I would urge the government to write out a clear statement of when they will bring in retroactive decisions, or not.

I think this is something that taxpayers must understand; otherwise it will create significant problems in the future where people will be afraid to invest. People will be afraid to save money because they'll think the governments might claw back some of the benefits they have been given after they made their decisions. I think that retroactivity is a very serious problem and one that should be addressed before the bill is changed.

The Chair: We have slightly more than three minutes per caucus. We'll start with the official opposition.

Mr O'Toole: You do come to the table with a great deal of respect and expertise. It's a pleasure to have you here this morning. I certainly want to recognize the fact that you were fair-minded in your opening comments to say that during times of difficult revenue there are difficult decisions. We've always put forward the argument that reducing taxes—and I think you ultimately made this argument yourself—where it generates opportunity investment, really increases revenue. I'd like briefly for you to comment on that. Second, tie that into the longer-term investment strategy of any investor or corporation with respect to the capital tax strategy, which we know nationwide is a very punitive tax during times of difficult revenue for a company that could be closed, and they're still paying the tax on the capital portion. Could you, with your experience, respond to the first issue, that the tax strategy of lower taxes creates better competitiveness and more investment, and how does that tie into the capital tax strategy, which I believe are both failed policies? The future will tell if some of that investment does desert Ontario and go elsewhere.

Mr Mintz: Very briefly, first of all, when you look at various economic studies, if you do cut taxes on capital—when I say taxes, I'm talking about not just the capital taxes as we call them in Ontario but all taxation as it affects capital decisions—that does generate new investment. As I mentioned, the income shifting impact suggests that the cuts, especially on the corporate income tax rate, where it's very easy to shift profits without moving a person or a machine, mean that the revenue cost associated with corporate income tax rate cuts is not very large because of that income shifting. There have been a number of economic studies that are now showing that.

I do think we have a problem. When I look at the Canadian system versus the US system, the areas we're particularly out of whack with, and this is where the problem is—we do have an advantage on the corporate income tax rates, the statutory rates, which is about three or four percentage points, the difference between that and the average in the US. On the other hand, Ontario has capital taxes, and you don't find many capital taxes in the United States—only in Massachusetts and a few other states. Second, the deductions given for businesses in the United States for depreciation on capital and inventory costs are much more generous under the US system compared to the Canadian system, and Ontario's as well. Third, you actually have higher sales taxes on capital inputs in Ontario compared to what you would find in the United States.

Mr O'Toole: That's a very good argument, if I may indulge for a moment on that. When I hear Mr Phillips, whom I have a lot of respect for, say that we are already tax-competitive—in fact, he uses the phrase “25% lower”—he's not looking at the entire tax load, whether it's on relief, on depreciation or other policies with respect to taxation. I think that, combined with this notion

of retroactivity, however a slippery slope that is—retroactivity, for someone who is building capital investment, going forward to reversing the discussion on that, which, as we've seen, is a nationwide discussion—in fact, the federal government now, with Mr Martin soon to be the Prime Minister, is very pro dealing with the capital tax situation to encourage investment, encourage job creation and the rest of it.

I'm just wondering if the other point of your expertise is tax shifting. If we all look at Alberta as a growing economy, many of the decisions as to where they declare the profit are made to move it to Alberta. Is that not correct? My understanding is that a lot of—not just TransCanada PipeLines—resource sectors are moving to the Alberta economy for that very reason. All of these policies together, with respect to tax shifting and depreciation: Do you feel to any great extent, professionally, that we're on the wrong side of the equation to grow this economy and the revenue?

Mr Mintz: First of all, I have talked to Mr Phillips in the past, I admire him a great deal, but in a way I feel like a professor who's failed to teach his students very well. I have always emphasized that you cannot just look at the corporate tax rate; you have to look at all the base provisions and other aspects of the tax system in order to understand how capital investment can be affected. That's the kind of work I always put out, actually over the past 20 years, not only here in Canada but all over the world, in terms of the work that I do.

With respect to Alberta, certainly there are some interesting stories to tell about Alberta, because everyone thinks about the importance of the resource industry, which is clearly important there. But actually, Alberta has picked up a lot of other types of businesses that have moved to Alberta. Also, a lot of businesses will shift income into Alberta, where the corporate rate is lower. The rate is expected to go down to 8%. The other thing is, Alberta is eliminating the differences between manufacturing, processing, resource and other income, getting rid of a complexity in the tax system.

Ontario is the only major province in Canada that will still have that distinction. Quebec already eliminated it, and the federal government is completely eliminating it by next year for manufacturing, processing income and other income. We're also giving up in Ontario some important tax reform elements.

As many of you know—I didn't mention this is my opening remarks—I would have much preferred, if we are going to raise corporate taxes, to go after a lot of ineffective and ineffectual tax credits in the tax system here in Ontario. I can go on with a huge list of these things. I know that many people have heard my remarks about municipal bonds and the exemption under the personal income tax. That's not exactly one of my favourite proposals, in terms of effectiveness and the correctness of that.

I really think we need tax reform in Ontario, and we are going to need to address especially the issue of capital taxation. That's really important for growth in the

economy: productivity. I used to try to teach people that it's a business tax system—stupid. That's most important in terms of how it affects business decisions and how it affects productivity in the economy. It's the one that economists always hammer as the most significant one in terms of affecting decisions.

The Chair: We'll move to the NDP.

Mr Prue: I was just checking the time. Do I still have three minutes?

The Chair: Yes.

Mr Prue: A couple of questions, and I'd like to commend you. You started off by saying that it is necessary, given the economic climate, the deficit or the proposed shortfall this year of \$5.6 billion, that tax cuts be suspended. I'm quite shocked to hear that from the C.D. Howe, but thank you for that.

You went on to talk about the retroactivity provisions of the private school tax credit. I can understand where you're coming from on that. But then you went on to round out that the budget needs to be balanced. If the \$165 million, as the staff and the minister say, is taken out, or the \$60 million that the private schools say are being removed from the system, where is this shortfall to come from if not from business? That was a billion dollars that the minister set out by raising the rate from 12 to 14. Where's the money to come from?

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Mr Mintz: You're talking about the current year.

Mr Prue: Yes.

Mr Mintz: First of all, let me remind you that I really think retroactive taxation is a very bad idea on a tax system. It undermines confidence and it undermines trust, and that's something you just don't do. The federal government has a very clear document that states they will not do retroactive taxation, and they make it very clear what the rules are in terms of defining retroactive taxation.

I just want to reiterate that I think that was a big no-no on the tax policy side. I would never recommend that any country do that. Believe me, I've worked with all sorts of countries around the world where they've had tax holidays, which in my view are one of the worst incentives to put into the tax system. They never do it retroactively. The countries that did get into deep trouble with the private sector because no one wanted to invest there after that, because they couldn't believe the government would play by the rules of the game. It's very important to have confidence in the government, that they're not going to do things retroactively.

Where would the money come from? I could probably think of a few things. There are all sorts of potential subsidies sitting out there right now that could be cut, even in the next few months, and for the amounts that are involved, I think you could actually do some carrying on the expenditure side, which I don't think is as difficult as one thinks, but it does take a little bit of discipline.

Mr Prue: I'm more interested in the subsidies that are being given that could be removed. Could you elaborate or could you send us something?

Mr Mintz: As you probably know, I'm not very enamoured with all sorts of tax credits and business subsidies that get targeted, particularly to failing businesses that we don't need to keep in the province, because those are the ones that are going to undermine our productivity. We've had a lot of those in the past. I think there are even some new ones that have been recently announced. I think there's even money in the budget to continue doing some of these things. This is where I think, with some proper pruning, you can easily find a couple of hundred million dollars, even just for the next few months.

Mr Colle: Thank you, Mr Mintz, for taking the time to come here. We all know you're well respected. Sometimes we may disagree, but you are certainly well respected. It's very appreciated.

The question I have is that the previous government for eight years essentially had one mantra, and that was that tax cuts solve everything, so in budget after budget they had a regime of tax cuts. I think they followed a lot of, if not the detail of the C.D. Howe Institute's philosophy, certainly in principle followed it. Yet after eight years we have an infrastructure deficit of \$60 billion, everything from OPG to transit. We have a social deficit that's looming. We have an education infrastructure that's in desperate need of funding. Our health care system: Our hospitals are running an \$800-million deficit.

Where did they go wrong? Did they not follow the sort of, let's say, conservative approach to fiscal policy or did they go too far? What happened, and aren't they perhaps the first neo-conservative government that purely demonstrated that tax cuts essentially do not solve problems, that they just give away hard-earned money to other groups?

Mr Mintz: First of all, let me say that I'm not sure there is a C.D. Howe philosophy. The institute is a forum for debate. Certainly I have a philosophy and I express that. Partly that's my own expertise anyway. I also wear a hat as a University of Toronto professor, and I'm sure every time I speak people don't say that's the University of Toronto speaking on that issue. So I just want to say that I have a very particular view.

I think if you go back to many of the things I've written, what I've tried to impress upon people is that we've ramped up taxes in Canada. This is really where I'm coming from. It's really more where we historically are today, as opposed to a deep-rooted view in terms of, we should just cut taxes for cutting taxes' sake.

We've ramped up taxes over the past 28 years because of significant mismanagement, both at the federal and provincial levels. In fact, taxes in Ontario really did go up quite a bit during the late 1980s and early 1990s. Even the Liberal Party in the 1995 election recognized the importance of cutting taxes because of the fact that we had increased a very significant burden on the population. People forget that 30 years ago Canada and the US had about the same size public sectors, about 30% of GDP. But what happened was that we ramped up

expenditures in Canada to over 50% of GDP by 1991 and our tax levels had increased to over 40% of GDP. We had a very large deficit at that point. We did deal with the deficit, much to the credit of federal and provincial governments. We also dealt with bringing down some of that debt today, which I think is also a credit to all levels of government.

Mr Colle: The debt has gone up in Ontario to \$130 billion, though.

Mr Mintz: Yes, and that's something which—I think many of you have heard my views in the past—I was never enamoured with. In fact, we have a significant problem with the stranded debt. Let me just say that I do think that's important, but we also have to remember that we've ramped up taxes a lot. If you look at taxes and non-tax revenues as a proportion of the GDP in Canada today, it's close to 42%. That is still at an all-time high. We have not really cut taxes in this country. I don't know where anyone gets that. We haven't really done it. Governments are taking a very significant share of the economy out in terms of taxes and other non-tax revenues. My view is that we did go overboard, and then we turned the corner—and I'm particularly talking at the federal level—on our fiscal mismanagement and did a much better job in the 1990s. I think today the reward that we're getting is much improved economic well-being. I think we have benefited from that good macro-management. But the one area that we have not really dealt with is the tax system, because we ramped up taxes so much. We can't give up on that, because down the road the demographics are going to suggest even higher tax levels in order to fund benefits for the working population. I think we have a significant problem there, and I don't think we can lie back and say, "We've succeeded; let's enjoy the party and get drunk again," because we can go back to the alcoholism of the 1980s.

Mr Colle: But they left nothing to get drunk on. The cupboard is bare.

The Chair: Thank you.

Mr Mintz: Well, I'm not totally convinced of that. It depends on how efficiently and effectively you run the—

The Chair: Thank you for your presentation this morning. We appreciate your attendance.

ONTARIO CAMPAIGN FOR ACTION ON TOBACCO

The Chair: I would now call on our next presenter, the Ontario Campaign for Action on Tobacco. Thank you for being with us this morning. You have 20 minutes for your presentation. That can also be time for presentation and some time for questions if you so desire. If you'd please state your name and organization for the purposes of the Hansard and the benefit of our committee, we'd appreciate it.

Mr Michael Perley: Thank you, Mr Chairman and members of the committee. My name is Michael Perley. I'm director of the Ontario Campaign for Action on Tobacco, which is headquartered at the Ontario Medical

Association and includes the Canadian Cancer Society's Ontario division, the Heart and Stroke Foundation of Ontario, the Ontario Lung Association, the Association of Local Public Health Agencies, the Non-Smokers' Rights Association and a number of other health agencies, working together for the past 10 years on tobacco control issues.

Thank you very much for the opportunity to present in support of the provincial government's stated intention to raise tobacco provincial taxes to the national average and to commend the government for taking a prompt first step in that direction.

As any tobacco tax increase inevitably brings with it allegations of renewed smuggling, I'd like to focus the majority of my remarks on that subject, but first, before doing so, I'd like to make a few points about the current status of Ontario tobacco taxes today.

First, increased tobacco taxes are the single best means of reducing both the number of people who smoke and the amount they smoke. The federal Department of Finance and other authorities have estimated that a 10% price increase produces a 4% reduction in prevalence, a figure which doubles in the case of young people, who are more price-sensitive than adults. To give a current example from Canadian experience, Alberta's \$2.25-a-pack tax increase has led to a 24% reduction in consumption in that province.

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Next, despite the increase mandated in Bill 2, Ontario still has the lowest tobacco taxes of any jurisdiction in Canada at \$19.70 per carton of 200 cigarettes.

As well, an important loophole in the current tax structure is the fact that loose tobacco, so-called roll-your-own tobacco, is taxed as if one gram of loose tobacco is required to make one cigarette. In fact, tobacco manufacturers have developed various techniques over the years to reduce tobacco density. Expanded tobacco provides a tax benefit, which I'd like to illustrate for you. Governments tax by weight, so it's considered that one cigarette holds one gram of tobacco, but the consumer, of course, thinks in terms of the number of roll-your-own cigarettes per tub of tobacco. There's therefore a strong incentive to use the lowest possible density of tobacco.

At present in Canada, as little as 0.45 grams of roll-your-own is equivalent to one manufactured cigarette. The advertising claims on these tubs—this is 105 grams of Export A, and this is 90 grams of Number 7. You can see at the top—and I'll pass these around if you like—it says, "Rolls 100% more." In other words, this is intended to make 200 cigarettes, and it costs less than half of a carton of cigarettes, so you have a big tax loophole here. I don't know if anyone would like to see these, but by all means I can pass them around.

This tax loophole is important because roll-your-own now takes up about 10.9% of the Canadian market as measured in the 12 months leading up to June 2003 from figures in Imperial Tobacco's June 2003 second-quarter report and its 2002 annual report. In contrast, roll-your-own took up 8.7% of the market in 2001, so you can see

there's a pretty significant growth here, which will continue.

Our recommendation to the government is to close this roll-your-own loophole as soon as you can, and we further recommend that the government proceed as quickly as possible with the Premier's stated intention to raise tobacco taxes to the national average—and further, if possible.

A recent analysis of the financial benefits of investing in comprehensive tobacco control completed by the Ontario Medical Association, which I am tabling for you today as part of the handout, suggests that tobacco taxes should be raised a total of \$14.37 above the tax level in place prior to the increase mandated in Bill 2. The OMA analysis concludes that investing in a comprehensive tobacco control program, which includes this tax increase and a number of other measures including the smoke-free policy also announced in the throne speech, will produce a conservatively estimated reduction in smoking prevalence of 15%. This, in turn, will achieve over \$11 billion over five years in increased tobacco taxation, increased sales taxes and income taxes paid and avoided health care costs. If we are able to achieve a 25% prevalence reduction, which we can foresee as quite possible, given the success of comprehensive tobacco control programs in other jurisdictions like California, Massachusetts and Oregon, the health care savings alone rise to over \$1.7 billion per year. The OMA would be pleased to provide a more detailed presentation to the committee on the fiscal benefits of this investment in comprehensive tobacco control.

Let me now turn to the matter of alleged renewed smuggling resulting from tobacco tax increases. Much of the concern about renewed smuggling, which we hear of inevitably and invariably every time any tax increase is contemplated, results from events that took place over a decade ago in Ontario and Quebec, during which Canadian tobacco companies encouraged and facilitated the export of tax-free Canadian product to the US and its illegal reimportation and tax-free sale in Ontario and Quebec in particular. The simplest response to renewed allegations of smuggling by the tobacco companies and their allies is that the universe in which they operate is completely different today than it was 10 years ago. Here are a few reasons why this is the case.

First of all, Ontario tobacco prices are roughly on par—I underline the word "roughly"—with prices across the border; higher than Minnesota and Michigan, but much lower than New York, where the vast majority of the illegal activity in the early 1990s took place. I've attached a map showing the average price of a carton of 200 cigarettes in all Canadian provinces and territories and border states as of December 5 of this year. The map was prepared by the Smoking and Health Action Foundation and the Quebec Ministry of Finance. My apologies; the notes are in French.

Mr Colle: That's the back page, right?

Mr Perley: Yes, it's the last page. I didn't have time to translate the notes for you, but I'd be happy to do so if you'd like.

The most significant factor, I think, and most experts I've spoken to and we've looked at agree, making a return to the smuggling of the early 1990s impossible is the new federal export tax system. The federal government began the system nearly two years ago and now charges \$15 per carton on all cigarettes being exported, up to 1.5% of a company's total production. This amount is reimbursable to the companies on proof of payment of appropriate taxes in the foreign jurisdiction where the cigarettes are sold. If a company exports more than 1.5% of its total production, the export tax goes up to a totally non-reimbursable \$29.50 a carton. This export tax system makes it virtually impossible for manufacturers to get back into the business of exporting tax-free cigarettes and then illegally re-importing them.

Greatly increased law enforcement is also a significant factor in deterring smuggling today. The combined scrutiny of governments, law enforcement officials, media, health organizations and the public means that smuggling cannot occur again in the way that it did in the early 1990s. For example, on August 13 of this year, the federal government filed a \$1.5-billion lawsuit for damages related to contraband against JTI-Macdonald and related companies. Further, earlier this year on February 28, the RCMP laid criminal charges against JTI-Macdonald and affiliated companies and executives on matters related to contraband in the 1990s. In a February news release, the RCMP announced that its investigation is continuing.

Philip Morris has stated that Canadian authorities are contemplating the laying of criminal charges against Philip Morris International and Philip Morris Duty Free Inc, again related to contraband in the early to mid-1990s. These charges and potential charges, combined with the civil lawsuit by the Attorney General of Canada, provide a further deterrent to future improper behaviour.

Since manufacturers are deterred from supplying contraband markets due to the export tax and the scrutiny I mentioned, interestingly enough, they have a very strong financial incentive to co-operate with the authorities in suppressing what contraband may arise. With their extensive network of sales representatives and close monitoring of sales on an outlet-by-outlet basis, large manufacturers are in an excellent position to detect black market activity by other players. The current situation is in contrast to the early 1990s, when the manufacturers had a financial incentive to encourage contraband because it was their brands that were being smuggled. For example, manufacturers should be able to rapidly detect retailers who switch from a legal to an illegal source of supply.

Furthermore, Canada's picture-based package warning system, with unique messages, helps distinguish legitimate from illegitimate product entering Canada. The availability of tax-paid discount cigarettes reduces the profit margin for prospective smugglers of major brands. The overall tobacco market in Canada has fallen dramatically since the early 1990s, reducing the potential profitability and viability of illegal operators. While 31%

of Canadians aged 15 and over smoked in 1991, prevalence fell to 21% in 2002 and can be expected to fall further this year and in subsequent years.

Additional measures can be taken to protect both revenue and national health objectives while discouraging crime. A key measure here is to require the implementation of a national policy ensuring a track-and-trace system for all tobacco products. This would allow suspicious product to be traced through the distribution chain and allow the quick identification of any leaks in the system. This system would make interprovincial and reserve-based smuggling operations easier to stop and would also make it more difficult to fence stolen product. The system is technology-based and relies in part on the application of tax-paid marking technology directly on packages, which is extremely difficult to counterfeit. I understand that regulations in regard to this matter of tax-paid markings are within the Ministry of Finance now as we speak. I don't know what their status is, but they've been there for a while. In contrast to this type of system, the present Ontario tax marking system involves an easily counterfeited cellophane tear strip showing that Ontario taxes have been paid.

That concludes the remarks I wanted to make to the committee. I'd be happy to answer any questions.

The Chair: Thank you very much. We have about two minutes for each caucus. Mr Barrett from the official opposition.

1200

Mr Barrett: Thank you, Mr Perley. Your presentation made very little mention of the relationship between tobacco consumption and health. That's understandable. This is a money bill, Bill 2. It was introduced by the Minister of Finance, not the Minister of Health. Bill 2 was introduced the day after the orchestrated announcement of a phony deficit—March 31 of next year. So it's all about tax money for government.

I will say that the increase in tobacco taxes is creating anxiety in the counties of Norfolk, Elgin, Oxford, Middlesex and Brant. The Liberal leader promised tobacco farmers would receive compensation in reaction to this increase in taxes on what is a legal product. We've seen no mention as yet of reparations from this government, no mention of a buyout of tobacco quota or tobacco acreage, no mention of a buy-in to assist other commodities. Last year, 10,000 acres came on the open market from tobacco farmers who have gone bankrupt or gone out of business. There's no mention of any buy-in to help other agribusiness—nothing mentioned in the throne speech or subsequent debate. There are 45 tobacco farmers coming to Queen's Park tomorrow for Taxpayer Day. There are 1,000 tobacco farmers getting together Friday in Tillsonburg because of these measures.

The question would be, is your organization in a position to make an argument for assistance to compensate for some of the damages done?

Mr Perley: We certainly agreed with the \$50-million figure that was in the government's campaign platform as a community transition fund. Now, there wasn't a lot of

detail about that, but we don't see that as a direct buyout so much as the municipalities, the counties and the towns and cities in the region getting together and saying, "OK, what kind of economic strategy do we want going forward over the next five to 10 to 15 years?" The consumption of tobacco, whatever one may think of its status and all the related arguments, is declining, and it's going to continue to decline.

The question, I would think, for the municipalities there—and I've been to some of them and had some rather interesting discussions with some of your constituents, as you can imagine. But I would think the municipalities would really want to develop an economic strategy that would not be dependent or would be decreasingly dependent on tobacco. I think that \$50 million should be dedicated to that kind of strategy. How exactly it happens, really should be up to the municipalities to decide.

Mr Barrett: I'm glad you're talking to people, and I invite you to come to these two meetings. Just a final point: Smuggling is alive and well. In the real world, this is called all natural, native. You can pick them up anywhere.

The Chair: Mr Prue.

Mr Prue: I'm sure you can, but I don't think you should.

What intrigues me most is this roll-your-own cigarette stuff here. The act is quite specific that it will change the tax to 74% of the taxable price per cigarette or for one gram of or part gram of tobacco. The transitional rule will be a rate of 9.85 cents for every cigarette and every gram or part gram of tobacco. In your view, what would we need to change, how much would we have to charge, to make that consumption stop?

Mr Perley: I don't know about stopping, but I think you should at least—

Mr Prue: Slowing it down.

Mr Perley: —equate it with standard manufactured cigarettes, so you double the tax rate on roll-your-own. That's all you need to do. This is 105 grams as opposed to 200-gram equivalents in a carton. This is 90 grams. So by doubling the degree to which this is taxed, since these make, give or take a few, the equivalent of a carton of cigarettes, they should be taxed at the same rate as a carton of cigarettes, and they're not now. They're taxed at about half that rate.

Mr Prue: Instead of 74%, that should be 148%?

Mr Perley: There's a different way of describing it. It should be taxed not on the assumption that a gram of tobacco equals one cigarette but that half a gram—

Mr Prue: Half a gram?

Mr Perley: Yes.

The Chair: We'll move to the government caucus.

Mr Colle: Mr Perley, how many deaths are attributed to the consumption of tobacco in Ontario every year?

Mr Perley: Some 12,000.

Mr Colle: So 12,000 people. Whose data is that?

Mr Perley: That is from the Ontario tobacco research unit and actually some analyses done in part by an expert

panel from the unit and the OMA for former Health Minister Witmer for a report she released in 1998.

Mr Colle: Second, what are the health care costs attributed to the consumption and use of tobacco in Ontario every year?

Mr Perley: The OMA analysis estimates about \$1.1 billion to \$1.2 billion currently. Depending on the escalation in cost of treatment and bed space and so on, that could go up, but that's approximately what it is every year at the present time. There's also the issue of utilization of space. There's a cost factor there, but there's also the fact that beds and treatment technology and experts' time are being taken up by people who otherwise would not be ill if they weren't smoking.

Mr Colle: Thank you, Mr Perley.

The Chair: Thank you for your presentation before the committee this morning.

The committee will now stand in recess until 4 pm today.

The committee recessed from 1206 to 1602.

The Chair: I call the committee to order. We'll start immediately, but I want to make one announcement—two, actually. There will be a room change for tomorrow's meeting. We will be in this room; this morning it was stated otherwise. Messages have been sent to your offices as well, but I mention to members present now that the meeting will be here tomorrow morning.

There was a request for an Ipsos-Reid poll. That is available to you. You can read that at your leisure.

CANADIAN JEWISH CONGRESS, ONTARIO REGION

The Chair: With that being said, I will call our first presentation of the afternoon forward, the Canadian Jewish Congress, Ontario region. Good afternoon. If you would identify yourself for Hansard, you have 20 minutes for your presentation. If you care to leave some time for questions, that would be very good.

Mr Bernie Farber: Twenty minutes usually is enough to let me take a breath of fresh air, but I'll try to keep it as brief as possible. My name is Bernie Farber. I'm the executive director of the Canadian Jewish Congress in Ontario. I'm here with my colleague Simon Rosenblum, who is our director of public policy.

Just for the record, the Canadian Jewish Congress, Ontario region, is the Jewish community's mandated organization, which represents Ontario's 210,000-strong Jewish community. You will be hearing today from other Jewish organizations as well, all of whom I believe will give you very much the same message.

I want to thank you, the committee, for the opportunity of addressing you this afternoon. We are here today with specific reference to the cancellation of the equity in education tax credit, more specifically to the manner in which this credit was repealed. The cancellation of the equity in education tax credit is deeply troubling to our community on two grounds. We had hoped and believed we had the right to expect that a reasonable

alternative to the tax credit would have been put forward by the government before the tax credit was repealed. Premier McGuinty and other senior Liberals have repeatedly told the Canadian Jewish Congress at specific executive meetings and in specific meetings that they have no philosophical opposition to the funding of faith-based schools. On this basis, we were somewhat surprised that the repeal came forward without any alternative put forward. So we are looking seriously forward to discussions and negotiations with the government on the matter of finding an alternative funding solution in the not-too-distant future.

I also want to make note of the fact that I attended this morning a press briefing by Keith Norton on racial profiling. The only reason I mention this is to remind this committee that it was last week that Keith Norton, our chief commissioner of the Ontario Human Rights Commission, publicly noted that in the absence of a new funding formula for independent schools, the removal or the elimination of the equity in education tax credit creates what he believes is a significant discrimination issue—one which we may take directly to the commission if we can't find some resolution in the near future. More specifically, the timing of the equity in education cancellation, effective January 1, 2003, took us completely by surprise.

I'm going to pass this over now to Simon Rosenblum, who will go into some of the details as to why this issue is of such great concern to us.

Mr Simon Rosenblum: When we say "us," we not only mean, of course, the Canadian Jewish Congress but we act as the advocacy arm of the Ontario Association of Jewish Day Schools when it comes to government relations. I gather you will be hearing directly from that organization later this afternoon. They will speak to you most directly in terms of the impact on the schools and the parents.

Let me say at this time that parents made their decision to enrol their children in our day schools in good faith. Now they are being told, retroactively, that the 2003 tuition payments, which were made well in advance of this current government coming into office, will not be eligible for the tax credit. These parents are, for the most part, middle- and low-income earners and will be paying a stiff price for a decision that they could have in no way anticipated at the time of enrolling their children in religious day schools.

Without prejudice to the larger issue surrounding the tax credit, to cancel it in such a retroactive manner seems to us most unfair and mean-spirited. When we say that it reaches back to the year 2003, in fact it really reaches back further, because, if you are a parent thinking of enrolling your child in an independent school, or in our case a religious day school, in September of 2002, then of course you would not have simply been thinking of enrolling the child for the first semester; you would have been thinking of the full school year. Therefore that part of 2003, in other words January to June, really began, in terms of the decision-making process, in August or

September of 2002. So there is an incredible clawback here.

I realize that you have already heard today from eminent tax experts. We don't consider ourselves to be in that league, but we do know that retroactive taxation does not enjoy a good reputation. In many tax and economic circles, it is the equivalent of a four-letter word, and for good reason. Elementary fairness would tell us that there is something very wrong with changing the rules so that the previous actions of taxpayers, based on the rules in place at that time, are penalized. I ask you: How in the world can citizens, taxpayers, be expected to act in good faith with the law of the land when a government is permitted to not only change the rules—which of course is perfectly understandable and acceptable—but to change those rules retroactively? I would submit to you that neither a properly functioning political democracy nor a market economy can operate with such random and arbitrary actions.

1610

Consequently, we have every expectation that this committee will advise the Premier, the finance minister and the provincial cabinet to reverse the manner in which they have cancelled the equity in education tax credit.

Mr Farber: Let me just be frank for a moment. For those of you who know me, you will know that's basically the only way I can be, whether it's at a committee hearing or elsewhere.

We understood that this government was going to remove the tax credit. We didn't like it, we didn't agree with it, but Premier McGuinty, to his credit, made it very clear that this was what he was going to do, because he had some philosophical opposition to the policy itself.

We're big people. We understand this, and we understand that we can work with various levels of government in terms of trying to convince them not only of the need for funding of independent schools but of the discriminatory aspect if they don't fund the schools.

Our major issue right now is this, and if we get anything across to this committee, this is the most important piece that I want to get across to you: For Jewish parents who send their children to Jewish day schools, even though we knew that the Premier was going to remove the tax credit, it was still a slap in the face, but to do so retroactively was like a bully punching us in the stomach. That's how it felt. There was no need to do it; everybody would have understood. The public certainly would have understood that if you had repealed it as of the end of this school year, you would have lived up to the promise enunciated by the Premier, but to choose to do it retroactively, to choose basically to take money out of the pockets of middle- and lower-income-class families as a means by which to make a point was something that certainly concerned us, angered us and upset us.

As we mentioned at the beginning of our presentation, our concern is not only with the timing of the cancellation but that it was done without this alternative. It appears almost as if we are going back in time. There was even a UN decision of the human rights committee

which suggested that failure to fund independent religious schools on the basis of still funding Roman Catholic schools leaves Ontario in the most precarious of situations. It remains the only jurisdiction in the democratic world that funds one religious faith community schools to the exclusion of all others. That is religious discrimination. You may not like it, but that's what it is. I've been around this town a lot in terms of dealing with issues of discrimination. That, my friends, is religious discrimination, something that the Liberal Party should not stand for.

In conclusion, let me just quote our chair of the Canadian Jewish Congress, Ontario region. Professor Ed Morgan, in a statement that he released when the tax credit was removed, said as follows:

"We always understood that the Premier supported funding to faith-based schools. In fact he voiced this support publicly to our executive only a few years ago. We hoped that the government would have offered another alternative to the tax credit. Now we non-Catholics in Ontario are once again the subjects of religious discrimination. This is not acceptable."

We thank you for your time and are prepared to answer questions at your leisure.

The Chair: Before I go to the official opposition, Hansard has informed me that their experience this morning was that members were not speaking loudly enough or were not close enough to their microphones and they were having trouble picking you up.

With that in mind, to the official opposition, Mr Barrett.

Mr Barrett: Thank you, Mr Farber and Mr Rosenblum, for being here on behalf of the Canadian Jewish Congress. You've made very clear your shock at this retroactive cancellation of the tax credit. Is this setting a precedent? Are you aware of any other jurisdictions in Ontario where a tax increase has been levied retroactively? I think of a university setting, where students who pay tuition have discovered they are now paying an increased tuition going back to last September, let alone last January.

Mr Rosenblum: I'm no expert on this matter. I did, however, spend five years of my life across the street in the Frost Building dealing with, among other things, tax matters, and it is not within my memory that a tax measure has been rescinded in the manner that this one has. It is a very unique situation. I'm not in a position to say to you that it is without precedent; it may well be that if one does one's research, one could find a precedent somewhere, but within the finance and tax community, at least as I in days past had participated in it and understood the rules of the road, this was something that was seen as beyond the pale.

The Chair: I failed to mention in going through about the microphones, that each caucus had a little over two minutes. So two minutes for each caucus—

Mr O'Toole: I'll keep it under two minutes.

Thank you again for your presentation and for bringing voice to the independent school movement. I

chose, and will carefully regard, the word "mean-spirited." I think it was just that extra piece. Clearly, as you've said in your presentation, they're going on policy, and people vote on policy; we know that. They made 231 policy projections and have failed to deliver on all of them, in my view.

The other word you used was "clawback," but more important is your reference to the Human Rights Commissioner, Keith Norton's, "significant discrimination." Going forward, do you think you'll be taking any further court action in the appeal that may be launched? I'll give you some time to respond on the public record here, because this is a fight that's been going on for 20 years or more, really. I was a trustee some 20 years ago and recall the same debate.

Mr Farber: Listen, I was actually hired by Canadian Jewish Congress in 1984 to fight this battle. I didn't have children at that time, and I figured, four or five years from now my children will be in kindergarten, but we will have won this battle. They were in high school by the time we got the tax credit and now it's gone, so it really doesn't make much difference.

The fact is this: This matter has gone to the Supreme Court of Canada. The Supreme Court of Canada did find that, although it sits uncomfortably with the notion of discrimination, in fact, given the anomaly that is Canadian Confederation, it was acceptable. But they did say very clearly that this was a political decision that had to be made.

What strikes me as odd—and there are two things here: We have, for the first time, a chief commissioner making mention of the fact that we have a significant problem here in Ontario if this is removed without a replacement; and number two—and you'll forgive me; I just don't get it—virtually every province in Canada certainly west of Ontario in some form or another does fund their independent religious schools. Quebec funds its independent religious schools. The Maritime Provinces choose to fund no independent religious schools, including their Catholic schools, so there's not much of an argument I suppose that can be made there, although the school choice argument still fits in. But for the most part, most of Canada finds a way to fund its independent faith-based schools under a variety of different governments, be they the NDP, Conservatives or Liberals.

This government has chosen at this point, as I say, to step back into history. Will we take this to the Ontario Human Rights Commission? My druthers would be that we work co-operatively with this government, that this government and this Premier were serious when they said that they don't have a philosophical opposition to the funding of these schools and that they are willing to find a compromise solution. Hopefully that's a promise that this government is prepared to keep.

Mr O'Toole: The new democracy.

Mr Prue: I'm going to be very blunt as to why I think they're doing it retroactively. We had the assistant deputy minister in here today saying it was somewhere between \$165 million and \$195 million on this tax measure if it's

retroactive. It's money. It's clear that they're doing it for money. It's a highly unusual step.

I'd like to put to you gentlemen that, as uncomfortable as I am on the retroactive aspects of this, they did campaign on this and you have acknowledged as much. You could have seen it coming. As a matter of fact, I know you saw it coming because I was there at the Canadian Jewish Congress on behalf of the New Democratic Party when this was debated, and I remember getting one of the frostiest receptions of my political life on the position that we took, which was the same as the Liberals.

What do you expect from this government, which seems to be making a big deal out of the \$5.6 billion that they found in debt? Where would you suggest they look otherwise for this \$160 million to \$195 million? They're going to need to find some other place if they're going to grant you what you want.

1620

Mr Rosenblum: First of all, I wasn't here this morning to go over the way in which the financial presentation was made, and this is back of the envelope admittedly. But it would seem to me that if there are something like 100,000 children in the independent school system—it may be 105,000, but it's in that ballpark—and if for the time frame of the year 2003 we're talking about just 20%, because we had a commitment in the equity in education tax credit that it was going to evolve from 10%, 20%, 30%, 40%, on to 50%—at the 20% level, it's very hard to see how you really got to those numbers. My own estimate would be somewhere in the vicinity of \$100 million, but that's for all of the independent schools. For the faith-based schools, it's my understanding we're talking about something like \$30 million for the period in which the retroactivity applies.

Now, I'm not here to suggest in any way that the government doesn't have a fiscal problem. I would also say to you, however, that that does not give licence to a retroactive clawback. It is not for me to try to do someone else's books, but there are certain things, in our lingo, that are kosher and certain things that are not; retroactivity is not.

The Chair: To the government side.

Mr Wilkinson: I'm just new here but I just ask the question. I'm not sure that you answered Mr Prue's question, which is, what should we cut from someone else or how much money should we borrow and increase the debt by not taking the action which we campaigned on? But secondly, when this tax credit was brought in, it's my understanding that it was going to be phased in over a number of years. The previous government had to rescind the Taxpayer Protection Act and delayed that. One could argue that parents had made a decision to send their children to the schools that your children go to and that that government did not follow through with the promise. So, my question is, did you complain about that at the time and say that somehow that the parents had gone down this path and that the government wasn't being fair? Is it the same logic here?

Mr Farber: Let me deal with two parts of your question. Firstly, the answer is yes to the last part of your

question. We certainly did complain to Mr Eves at that time that it was unfair. He did make a promise that it would be reinstated, and he did keep that promise.

In terms of where you're going to get the money, if we are dealing with \$30 million—I don't know what the overall total budget for education is; I would imagine it's in the multi-billions, let's say \$20 billion approximately, give or take—I know that \$30 million sounds like a lot, but come on, is it worth at least \$30 million to ensure that you have a discrimination-free society? I would think it is, at the very least. Ontario prides itself on its tolerance. It prides itself on its democratic values. How it is that a government feels a level of comfort giving special privileges to one religious group to the exclusion of all others in 2003 is beyond my understanding. It is incumbent upon this government to fix it. It's incumbent upon you to fix it. The UN says so. The Supreme Court, while it didn't order governments to do so, certainly left that impression that it sits uncomfortably with the notion of discrimination. What else is needed for a government to understand that you can't discriminate against your religious minorities? It's not right.

The Chair: Thank you very much for appearing. That's all the time we have.

PEOPLE FOR EDUCATION

The Chair: I would call upon People for Education.

Good afternoon. You have 20 minutes for your presentation. Time can be allowed for questions within those 20 minutes if you so desire. I'd ask you to state your name and organization for the Hansard report.

Ms Annie Kidder: My name is Annie Kidder and I'm with the Ontario parents group, People for Education. My presentation will be very short so that we can have questions, because I come with just one idea, one amendment to this bill.

We have been concerned and have been tracking the effects of funding and policy changes on our publicly funded schools for the last seven years. We've seen a loss of many of the programs and supports that students need in order to be able to succeed in school. We are concerned about that loss and thus we are proposing the following amendment to the Fiscal Responsibility Act:

"Because public education is the foundation of a civilized, democratic society, offering all children, regardless of income, race, language, or religion, access to the education they need to become participating citizens; and

"Because public education holds within it the capacity to overcome generational cycles of poverty, change the destinies of immigrants and refugees, and create a sense of societal cohesion where few are excluded;

"We propose the following amendment to the Fiscal Responsibility Act, 2003:

"As this tax expenditure will no longer be a burden on government revenue, the Minister of Finance shall calculate the amount saved by this legislation from the time of proclamation of this act until December 31, 2006,

and the Minister of Finance shall spend that amount only for public education purposes and no other purpose.”

We propose this because we are concerned that in the throne speech and in the announcements over the past weeks, there has been a lot of attention paid to the deficit, which we do understand is a huge and difficult issue, but we think that children cannot wait any longer to be provided with the programs they need in their schools, that there has to be equal attention paid to the problems in the public education system, that governments can't wait until they're having a good year to fund public education, and we would like some assurance from the government that the money that is saved in passing this act will be spent on the public education system. That's it.

The Chair: We have about four minutes for each caucus. We'll start with the official opposition.

Mr O'Toole: I've heard your presentations over the past seven years, and most of them don't reflect adequately the real history and the challenge of education.

I think you have to go back to the original argument that started when the Liberal government of the day, in the late 1980s, had the debate on the funding of the teachers' pension plan. In that time, they were taking all of the teachers' very high level of contributions to their pensions into general revenue. I was a trustee; in fact, I chaired the finance portion of that, and I was a director on the provincial body as well. In that time, they came to a solution which I think was heralded by most as finding a way of funding this deficit in the pension, whereas about 25 cents of every dollar in education actually went to the pension, which was probably the right thing. I should remind you that my wife is a teacher, as is my middle daughter a high school teacher.

Then the NDP came in and they had several confrontations as well with the education union leadership really, not with parents and individual teachers, and they ended up with such a quagmire that they had a royal commission. Under some pressure, the royal commission basically dealt with the quality of education and access to equity in education. You've been an advocate even before you sided there. I think, looking at the royal commission, there were about 140 recommendations.

We were following through and providing—really, one of the main things was the equal access to funding for every student regardless of where they live. Then there was a Fair Tax Commission that rolled into the education debate as well, and they talked about how publicly funded education shouldn't be dependent on having a rich tax base or assessment base. You're quite aware of that. I'm just for the record trying to get it in Hansard. In fact, it ended up with the situation of revenue problem the NDP had. They intorceded the social contract and ultimately the teachers turned on them and turfed them out of office, the same as they did, by the way, with the Liberal government. It was really quite an orchestrated attempt.

1630

In our case here, I believe that there was an attempt to find some measure of equity in funding public education,

which I support. I come from Durham, an area that was being funded at about \$4,600 per student, versus other areas of the province that were being funded at \$8,000 to \$9,000 per student. That's not fair. Finding some number that's fair and reasonable is really where I'd be happy as well. I believe we have come a long way.

There were two or three very wealthy boards that were unable to bring any substance to some of the changes, but we initiated the Rozanski commission report, which looked at the student-based funding model. In fact, I believe we had made a commitment in public and in the budget to address \$2 billion in education, to address some of the anomalies in the larger cities, the mix of the population of students and the rest, and I think that we were moving toward having some reasonable solutions there.

I just put to you that, for the record, most people will use numbers that are absolutely incorrect. We did not remove money from education. That should be understood going into this debate. It was \$12.3 billion or \$12.2 billion; it's now \$14.7 billion. Adjusted for per capita enrolment, it has increased. Every student in my area gets more funding than they did in 1995 when we were elected. That's a part of the public record, the accounting to the Ministry of Education, and each of the new members here should have a look at that history.

I have no problem that what you're saying here is kind of an amendment, and I suspect your friends in the Liberal Party—perhaps Michael Prue will move the amendment, because we have to do that by 9 tomorrow. In the last line you have here, “... proclamation of this act until December 31, 2006, and the Minister of Finance shall spend that amount only....” Do you think that the savings generated by this bill is going to be enough to fund education?

Ms Kidder: Absolutely not. No, I don't.

Mr O'Toole: It's not enough money, right?

Ms Kidder: Absolutely not.

Mr O'Toole: I had to cut myself short and I'm sorry I didn't leave you too much time, but I'm sure the Chair is generous.

Ms Kidder: What I'm saying is that the money saved from this bill should be spent on public education. It is certainly not enough.

I would also say that Statistics Canada does not agree that there has been more and more money spent on education over the last few years in Ontario. Their recent report shows that per pupil funding has gone down over the last 10 years. We are not saying that this will be sufficient to undo the damage that was done, but we are saying this would be a start and that it's very important in terms of priorities that funding for public education be a priority and that this money saved be used for that.

The Chair: We move to the NDP. Mr Prue.

Mr Prue: Thank you very much. You've had the lecture; I'm not going to give you one—

Ms Kidder: Thank you.

Mr Prue: —because I think you have pointed out for the last number of years some of the failings in the public

school system. Certainly I'm not lucky enough, I guess, to come from the region of Durham, where everything seems to be fine, but I will tell you, in Toronto you can see crumbling schools, despondent students, not enough money, problems with English as a second language and literally everything else around the school system as it falls apart.

There obviously is not enough money and there are a great many social needs that are crying out at this time. Education obviously is near the top of the priority, but in this city and in this province we have huge problems with housing, with homelessness and, if you read the paper the last few days, with our seniors who are in homes, all of which are crying out for money too. My question to you: Is it fair that all of this money that is being saved, which isn't nearly enough, go to education, as valuable as I know education is?

Ms Kidder: We always end up in a situation with everybody competing for money in their various silos, and you're right; there is money that needs to be spent in many, many areas. I think the reason for spending money on public education has to do with what an incredible return you get on your investment, to put it really crassly. When we spend money on public education, we make a difference to children's whole lives, we make a difference to our society, and we create viable citizens who can pay taxes. A recent report from the previous government talks about the importance of a government investing and says that over the course of the money you spend to graduate a student, you get a 100% return on that money.

I would argue that we remember what government spending is: that government spending is an investment—it's not there to make money or reach a bottom line—and that we make the investment in education for the quality of life, for the common good and for its ability to change the lives of people; that actually it has more of an effect on everything else—on health care, on housing, on poverty—than anything we can do. There are many things that we need to do and that should be being done, but we know that this is one of the ways that we can actually change people's futures. Now that we know that, it seems to me, it's the most important place we can spend that money.

Mr Prue: Do I have additional time?

The Chair: A very short question and a short answer.

Mr Prue: OK, I've got to get my thoughts together here. I had an excellent question and it has now popped out. I'll just pass.

The Chair: I'll look to the government side. Mr Colle.

Mr Colle: Ms Kidder, as you know, last week the Minister of Education announced a \$112-million in-year grant essentially earmarked for vulnerable children in low-income areas and also schools that have a high proportion of children who have English-as-a-second-language needs. What is your comment on that announcement?

Ms Kidder: We welcomed that announcement. We know that the grant that funds students at risk, the

learning opportunities grant, has been severely underfunded for the last few years. It was funded at less than half of what was proposed by the former government's expert panel.

We're concerned that we can keep adding money on top to deal with emergency situations, but until the recommendations in the Rozanski report are implemented, especially the ones that will give the boards the catch-up money they need to deal with inflation over the last seven years, for which they received no increases, and the money they need to deal with the abysmal state of their school buildings all across the province—and Rozanski recommended money to fund the backlog in repairs and maintenance for school buildings—until boards have that money, they're going to be continually running up down escalators. They're never going to be able to catch up, even when we add money on top for other things.

I think it was very important that we recognized the difficulties happening, mainly in urban areas I would say, for students at risk for socio-economic reasons. That's back to Mr Prue's question: Which thing do you do first, deal with the socio-economic problem or the education one? Schools are a very good place to deliver those sorts of services, and I'm glad they're there.

The ESL money is still not up to what was the recommendation of the Rozanski report. It's important that we look at ESL, and there may be other things that have to come into that.

One of the other recommendations in the Rozanski report was to have a cabinet-level committee of ministers from all of the different areas that affect families and children. I would argue, and we argued in our report on Ontario's cities, that we actually need different levels of government working together too to ensure, for instance, that ESL programs are well and properly funded. Maybe this is a case where the federal government should be working with the provincial government and the municipal governments to make sure that adults are getting the right amount of ESL, and that children are, as they come into the cities.

I would still argue that, notwithstanding the money last week, there's money going to be saved here and it's money that needs to be spent in the public education system. It's important that we see a sign of a really strong commitment to undoing the problems in the system, especially the backlog in underfunding. Until that backlog is addressed, boards are going to continue to close schools, which they're doing right now, and cut programs, which is also happening right now.

The Chair: Thank you very much and thank you for your presentation this afternoon.

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ISLAMIC SOCIETY OF NORTH AMERICA

The Chair: I would call forward the representatives for the Islamic Society of North America. Good afternoon. You have 20 minutes for your presentation, and

that could include questioning. Would you please state your name and your organization for the purposes of Hansard.

Mr Muhammad Khalid: My name is Muhammad Khalid. I represent the Islamic Society of North America. I am the education director of that association. I'm also a founding director of the Ontario Parents for Equality in Education Funding. This association came into being after the United Nations decision in 1999. I have 20 copies, as I was requested. May I start?

The Chair: Go ahead.

Mr Khalid: Good afternoon, Mr Chairman and honourable members of the committee. Thank you for giving me the opportunity today to make a presentation to you.

The Islamic Society of North America-Canada is a grassroots umbrella organization representing Muslims in Canada. ISNA-Canada has been involved with other faith groups such as Jews, Sikhs, Christians, Hindus and Greek Orthodox for equal funding of all religious schools in Ontario.

ISNA-Canada operates a couple of schools and has a liaison with most of the other Muslim schools in Ontario. There are currently about 30 Muslim schools in Ontario, with a total enrolment of between 2,500 and 3,000.

The announcement of the refundable equity in education tax credit in May 2001 was widely praised by the religious school community because it provided for parental choice in education. The rationale for the legislation was to put the needs of parents and students first by offering choice to parents who want their children educated in their own culture and religion.

The fact that the credit was refundable was a very strong signal that it was meant to benefit the supporters of our schools who are less wealthy and who sacrifice greatly to enable their children to attend these schools. The supporters of the tax credit are parents whose strong religious convictions compel them to send their children to the religious schools.

The previous government, by providing this tax credit, had recognized the United Nations Universal Declaration of Human Rights, 1948, article 26, that, "Parents have a prior right to choose the kind of education that shall be given to their children," and the United Nations Declaration of the Rights of the Child, 1959, principle 7, paragraph 2, that, "The best interests of the child shall be the guiding principle of those responsible for his education and guidance; that responsibility lies in the first place with his parents."

Secondly, the previous government, by the provision of this tax credit, had partially provided a remedy for the United Nations' Human Rights Committee ruling in November 1999 which held Canada and Ontario in violation of the International Covenant on Civil and Political Rights by providing funding only to Catholic schools.

It is alleged that the tax credit benefits the rich and wealthy parents who send their kids to elite schools such as Upper Canada College. This is an objectionable but convenient political myth. The plain fact is that most parents who send their children to independent schools,

especially religious schools, are of modest means. Members of our organization make very serious financial sacrifices to do so based on their conscientious views that their religion, culture and language demand nothing less. They forgo many worthwhile uses for the money, such as RRSPs, vacations or paying off their mortgages and loans.

The policy objective of the tax credit was to provide some public funding to parents who in good conscience cannot place their children in the secular public schools or in publicly funded Roman Catholic schools. This was an effort to reduce the reality of discrimination in the education funding regime. Then the reversal took place.

The new Liberal government of the Honourable Dalton McGuinty is planning to repeal the equity in education tax credit retroactively to January 1, 2003. The taxpayers who would be impacted by this action had already made plans on the basis that the tax credit would continue. This is going to create mistrust of governments, and it is extremely unjust. The Premier has decided to fulfill his election promise on the backs of parents of modest means who have no choice but to send their kids to religious schools and be taxed twice: once to pay for public education, and second, to pay for the education of their children.

We had thought that Premier Dalton McGuinty understood the value of good religious education. He was educated in a publicly funded Catholic school, as are his own children. The most surprising thing is, how can he deny the same right to the 2% of Ontario parents who send their children to unfunded religious schools in accordance with their own conscience?

The Catholic system has been in place for more than 150 years and has not adversely impacted the public education system. Ontario supports fully funded Catholic, French-language and Aboriginal public schools, ensuring the survival of each of those minorities, even though funding of Catholic high schools was not mandated in the BNA Act of 1867. As you very well recall, this was extended by the Davis government. Previously, it used to be only up to middle school.

Muslim, Sikh, Jewish, Protestant and Hindu schools receive no government funding, yet just like Catholic parents, these minority religious groups give their children a religious education in order to convey their identity and to ensure their survival and thwart disappearance in the melting pot. To support some schools and not others is discriminatory. This policy of a double standard is making us feel as second-class citizens: paying taxes for public and Catholic schools we cannot use, then paying a second time to educate our children in our own faith.

By repealing the tax credit, the new Liberal government is again violating international human rights enshrined in the International Covenant on Civil and Political Rights. Repealing the tax credit is not about reducing the deficit. Our estimates suggest that the government figures showing savings of \$195 million in 2003 are highly exaggerated. I underline the words "highly

exaggerated.” Out of about 92,000 children in private schools, about 40,000 are in religious schools. The annual fees in most of the religious schools are not anywhere close to the \$7,000-per-pupil cost in the public system. I know this for a fact because I have run my own schools as a treasurer for 13 years. I know for a fact that the maximum fees in the Muslim schools are \$3,000 per year, and less per child if the number of kids from the same family is more than one. The average cost per child in our schools is less than \$2,500 per child per year. At this rate, the tax credit will be about \$500 per child in 2003, rather than the \$1,400 estimated by the government, while educating these same kids in the public system would cost the government a minimum of \$7,000 per child.

In the context of the \$70-billion Ontario budget, this tax credit would have no meaningful impact on the education of the 96% of the children in fully funded schools. Most of the other provinces fund independent schools with no adverse impacts on public schools.

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Our schools generally meet or exceed provincial curriculum standards and excel on provincial tests. The repealing of the tax credit will be a stain on Ontario's reputation as an “inclusive” province.

Many opponents of the tax credit argue that school choice will fragment society, which is not supported by any facts. It has not happened in all the jurisdictions that have provided funding to independent schools.

The children who have graduated from our schools have gone into many professions, such as law, pharmacy, engineering, medicine, communications, high-tech, journalism and teaching and have become productive members of Canadian society. Think about children from Jewish, Christian and Sikh schools. Where do they go after graduation? They are in all sorts of professions and doing rather well. Are there any studies that show these children had difficulty getting along with graduates from the public system? These are pure myths perpetuated by the opponents of the tax credit.

In closing, the repeal of the tax credit will throw back in the discriminatory state that existed before 2001. Please be fair and do justice to the minorities who are trying hard to preserve their religion, culture and languages. Do not let the majority culture annihilate the minorities in the melting pot. Thank you very much.

The Chair: Thank you. We have about a minute and a half for each caucus, and we'll start with the official opposition, Mr O'Toole.

Mr O'Toole: Thank you, Mr Khalid, for your excellent presentation. You dwelt on the very essence of the unfairness of most of these tax measures, and you've specifically related it to the equity in education tax credit.

For your edification, I was also educated primarily in Catholic schools. You might know that the public school system was funded including Catholic schools up until grade 10. That's been the history in Ontario up until 1983 or 1984 when they introduced the completion of funding. It was not the completion of funding for separate schools,

I might add. They did not have access to the industrial-commercial tax base, so there was always an inequity up until we sort of engineered the full student-focused funding model. That should be clear. People don't have a really sound understanding of the history, but I do commend, more importantly, the fact that I'm as surprised as you are that the now Premier would reverse a promise made that he respected religious-based schools.

Your argument is very supported by the most recent report by our Human Rights Commissioner, Keith Norton. He said it's significant discrimination. It is a multicultural society and a growing society that we depend on to be inclusive. Your remarks are taken quite seriously by me personally. I believe our government was at the point of recognizing the inclusivity of the multicultural nature of the Ontario landscape. I think that's extremely healthy, as you have described. I know many in my community who are Islamic—and it's a growing part of our population—are extremely exemplary citizens, and their education and their culture and faith makes them strong as people and makes them strong contributors. I can just say that for our part we would be supportive of, certainly as we discuss this bill, trying to get the government members to realize that this is pure, bold-faced discrimination.

You've made your point very well, and if you want to respond, there's some time left.

Mr Khalid: Actually you have said it very well, and thank you indeed for supporting us.

The facts speak for themselves. I really would urge the committee to please not do any window-dressing. This is a very serious issue for our communities. This is really the survival of our communities. We are good citizens. We are raising kids the way we think they should be raised, and we actually do need your support. This committee should not take these hearings very lightly and then just go back and look at the political prudence, as they would like to do, especially the governing Liberals.

Mr O'Toole: The mean-spirited nature of the retroactivity also—

The Chair: Mr O'Toole, your time has expired. We'll move to the NDP.

Mr Prue: The point you made on retroactivity has been made by others and is a good point. I'll ask you the same question that I asked some of the others. This is obviously an attempt by the government of the day to save \$195 million on the backs of people who were counting on the money. Where do you think they can get the money from elsewhere?

Mr Khalid: First of all, this \$195 million, if you really do a simple calculation, this year, in 2003, it should be 20% of \$3,500. The maximum is \$1,400. As I have given you the example of our own schools, none of our schools are charging the highest fees as far as the Muslim schools are concerned, and that's \$3,000. It would be not anywhere close—if you divide \$195 million by \$1,400 per child, the number of children in the private system, it gives you close to 140,000 kids. This

is, again, a very strong exaggeration of the numbers. The numbers are closer to 92,000, as far as our estimates go.

Then, as a matter of fact, many of the Muslim schools don't even know that this tax credit exists. They have not filed on behalf of their kids in 2001, 2002, and probably they will not even file in 2003. The calculations are completely exaggerated. The costs could be—I mean, if you look at our schools alone, the cost would be only \$1.5 million. If you send all those kids to the public system, the government will end up spending close to about \$30 million or \$15 million.

The Chair: A very quick question, Mr Parsons.

Mr Parsons: The strongest case for not giving tax credits for private schools was made over the last four years by Ernie Eves and Janet Ecker. In fact, we used letters and statements that they made during our debates. Just before the election, the bill was introduced and passed, and I'm sorry that so many parents in Ontario were subject to the game-playing, because the previous government was very clearly opposed to this for eight years and suddenly changed it.

I support the Liberal policy, and I'll tell you why. It's not money. I know that most of the parents who send children to private schools are not wealthy families. My wife and I have a five-year-old. You may find that surprising because we find it surprising. I want our son to go to school with your son and daughter. I don't want them to learn about other cultures off movies from Hollywood on TV and off newscasts. I want my children to be part of the fabric of Ontario, and you're very much part of the fabric. I want them to play together and talk together and become friends and do whatever.

As I see the number of private schools increase, I see a division and I see an increased potential for discrimination within the province, because we discriminate against issues we don't understand and people we don't understand. From my viewpoint, I see a great opportunity for my son, at five, to experience the other cultures and to understand them and to embrace them. So I support the bill because I want our children to go to school together.

Mr Khalid: Let me answer you back in a twofold question. First of all, this tax credit was given in 2001, as a matter of fact, May 14 or 15, 2001. This was a long time before the election is called. This is not a short span of time. This is a long time.

Mr Parsons: We had the longest election in history in this province.

Mr Khalid: I know. People have their political points of view and then they change as the government evolves, and things change.

Secondly, your son playing with my son, we have absolutely no problem. The kids are in the schools and when they go home, do you really think that when my kid wants to play hockey on the road, he's going to look for Muslim kids? Absolutely no chance. I have four kids, two boys and two girls. They went up to grade 8 in the Orillia schools, and then for four years they went to the public system. One of them is a doctor; he is already practising. The second one is in medical school; he got in

this year in September. The third one is a high school teacher in the public system—she's teaching math and science—with an honour's degree from U of T. All my kids went to U of T. The last one is in second year at U of T.

You are telling me that they have not played with non-Muslim kids? They have. As a matter of fact, my younger kid, who is in medical school, is a really pro athlete in basketball and ice hockey. He plays with other kids. A school environment is not the only environment. Kids are watching television. Your kids are watching the same television as my kids are; they are not watching separate shows. Also, when they are going outside and playing, they are interacting with kids—skating, soccer, you name it—any game they play. That mosaic is always there.

The Chair: Thank you very much for your presentation this afternoon.

Mr Khalid: Thank you for your time.

1700

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair: I call on the Canadian Federation of Independent Business to come forward. If you have a brief that can be handed out, we'd appreciate it.

You have 20 minutes for your presentation. As you have noticed, that time frame can be used for presentation and for questions. If you'd state your name and your organization for our Hansard record, we'd appreciate it. The floor is yours.

Ms Judith Andrew: Thank you, Mr Chair. I'm Judith Andrew, vice-president, Ontario, with the Canadian Federation of Independent Business. I'm joined today by my colleague Satinder Chera, who is CFIB's Ontario director.

Your kits are being distributed, and while that is happening I'll acquaint you briefly with the contents of the kit. The left side of it contains the presentation that I intend to speak to today. On the right-hand side you'll see some correspondence to the Premier; an Ontario small business primer for 2003; a vote dealing with the small business corporate income tax threshold, albeit at the federal level; and our pre-budget submission that was made earlier in the year 2003, which contains considerable information on tax policy relevant to the committee's deliberations.

If I could invite the committee to please turn to the presentation. The CFIB is proud to represent 42,000 small and medium-sized businesses in Ontario. As you can see, Ontario's business sector is overwhelmingly small. About three quarters of the firms in the province employ fewer than five employees. Actually, 95% employ fewer than 50 employees, and 98.5% of all firms in this province employ fewer than 500 employees. These are not the ones that appear on the business pages daily, but they are the backbone of the Ontario economy.

If you turn the page you'll see a slide that depicts job creation from 1991 over several years. In effect, the slide demonstrates that small businesses create the majority of new jobs in the economy and are particularly important during recession years. If you look to the 1991 to 1993 years, small businesses provided the resiliency of the economy in that difficult economic period. Last year, in 2002, of the 196,000 jobs that were created in Ontario nearly 85% were created in small and medium-sized enterprises.

Over the page there's a slide that shows a document that we produce regularly called the CFIB Quarterly Business Barometer. The last one was for September. The next one is due out next week. Ontario is tracking very close to the Canadian average, not unexpectedly, considering the proportion of the national economy we represent. As you can see, our barometer index of the small business sector is a pretty close reflection of what happens with GDP. In fact, it appears to be a leading indicator for the gross domestic product to the extent that senior levels of government—the federal finance department and others—look forward to CFIB's quarterly results in terms of the small business piece of the economy.

Over the page, what you have is the key issues our members ask us to work on. This is gained in personal interviews with our member businesses right across the province—we're talking to 2,000 businesses a week in their place of business. Four fifths of our members tell us that the total tax burden continues to be the top concern for them. Other key concerns are debt and deficit. Of course that's important here in Ontario, with the \$5.6 billion to contend with. Our members are also focused on a variety of other issues, as you can see from the chart.

In terms of spending control, we have asked our members how they rate the different levels of government on the job being done to control spending. The provincial level of government does a little better than both the federal and municipal governments in terms of the "very dissatisfied" portion. But that said, there's obviously some considerable view that governments can review their expenditures and look to be more effective with taxpayer dollars, and that should surely be part of any deficit reduction plan.

The next chart is also fresh data from our summer focus on Ontario survey. We asked our members where their priorities lie for future tax reductions. A number of taxes were canvassed here; I'm just going to talk about the top three. Number one is personal income tax, second is small business corporate income tax and third is municipal property tax. That's actually shifted in order. Municipal property tax was the top one. We suspect that during the summer, with the discussion about raising taxes around CIT and PIT, our members became concerned that those would again be on the upward trajectory.

For small business, personal income tax relief doesn't just mean more money on the bottom line; it also means their customers will have more money to circulate in the

local economy, their employees get to keep a little more of their hard-earned pay and the business can invest more in growing that enterprise locally.

I'd like to say a word about property tax. It's number three, and there are two pieces to it: the education portion and the municipal portion. I think our members are very legitimately complaining about property tax. If you look at where we stand among OECD countries, Canada and Ontario are near the top in terms of the percentage of gross domestic product extracted in the form of property taxes, so the weight of that tax is pretty onerous.

The next page shows the example of Toronto, but it's similar in most other places, with a few notable exceptions. The business sector is the most ill-treated under our property tax system. In the example here, the \$200,000 property, the resident in Toronto would pay \$2,200 in 2002; the commercial property, also worth \$200,000, would attract nearly \$11,000 in taxes; and the industrial property would attract over \$14,000 in taxes. The upper portion of that bar is the provincial education portion, so a big chunk of the problem resides with the province, but the municipality also has a big piece of the problem as well.

If you look at how property values sum up in Toronto, you can see that residents hold 69% of the property values, but interestingly they pay about 37% of the taxes. By contrast, the business sectors and the multiresidential sector pay a disproportionate share relative to the property values they hold. So there's a big rebalancing job necessary on the property tax front, and we are encouraging the government to take the perspective of small and medium-sized business into account in any future discussions on municipal financial reform, and those are ongoing of course.

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In terms of what reductions in municipal and provincial education property taxes would do to a firm, there are some pretty good outcomes in terms of expanding the business, increasing employees' salaries and benefits, contributing to the local community and so forth. So this is not just positive politics for small business; it's also positive policy for small business.

I'd like to say a word about Bill 2 specifically, and acknowledge here the government's fulfillment of the Premier's pre-election commitment to our members to maintain the small business corporate income tax rate at 5.5%. That is very welcome. We also welcome the government's decision to accelerate the increase on the amount of business income eligible for the small business deduction to \$400,000, starting January 4, 2004. This is a full year sooner than previously scheduled and is a very positive move to update that small business threshold.

I will comment very briefly in the same vein that others have, in terms of the rollback of previously delivered tax relief being unsettling to firms who attempt to plan on the basis of stable tax policy.

In terms of next steps for the government, obviously our members see a focus on spending control as one strategy to deal with the deficit. They would appreciate

some attention to rebalancing the property tax load as part of a new deal for municipalities, including attention to the business education portion, which is entirely in the province's purview.

I'd like to close by reading a couple of comments we got on our recent survey from members. This one is interesting: "I do feel very much that the government is charging too much income tax, property tax and PST as well as GST. Last month, for example, our company has paid \$12,000 ... for all the taxes, including WSIB. We are a small business and our company cannot afford all of this. The government is taking the initiative out of owning a business. They get the lion's share of the cash flow.... It is time we say something before they escalate more taxes that we cannot afford. When does it all stop?" This is from a manufacturer with six employees.

Another one: "Taxes as a whole are way too high when you take" into account "all the various forms ... income tax, corporate tax, EI, CPP, WSIB, EHT, property taxes, gas taxes, PST, GST etc. etc." That is from a plumbing and heating equipment wholesaler with 20 employees.

I think the point being made here is that tax competitiveness is more than being competitive on corporate taxes levied by one level of government. As the job-creating sector of the economy, the ability of small firms to grow and prosper is deeply affected by the tax policies of all governments and their taxing agencies. Total tax burden does remain a key priority for our members.

We are fortunate that small businesses are optimistic by nature. Despite being hit by SARS, BSE, the electricity blackout, insurance hikes and so forth, small firms continue to be important contributors to Ontario's economic prosperity. They account for so much of the economy and so much of its resiliency in bad times.

The positive element in Bill 2 is that the government recognizes it is important to continue growing the economic pie. Sometimes the debate over dealing with the deficit is framed in zero-sum terms. Small business's message to policy-makers is that it is important to continue to grow economic opportunity in Ontario so as to have more funds to allocate to key priorities. The current priorities for tax relief are personal income tax, corporate income tax and property tax. We urge the Ontario government to do its utmost to help entrepreneurs continue growing opportunities for Ontarians.

The Chair: Thank you. We have two minutes per caucus, and we'll start with the official opposition.

Mr Barrett: Thank you, Mr Chair, and thank you, Ms Andrew, for being here on behalf of CFIB. As you said, it's no secret that small business is the backbone of our economy. Certainly in the local economy in my area, many of your farmer members are key contributors to our tobacco-based economy.

I was just reading your Small Business Primer 2003. You've included key factors with respect to new hiring. You stress "a reduction of federal, provincial and local taxes; decrease in payroll taxes."

Our concern for small business in Bill 2 is it will impose higher personal tax rates, less disposable income

obviously for taxpayers, for customers of your members, and less consumer demand. You may have mentioned the 5.5% small business income tax rate. As you would know, the PC government was on a schedule to take that down to 4%. That will not happen under the present government. We see that as a negative for small business. Property tax cuts for businesses are off the table with this government, and there'll be no reduction in capital tax rates under this government as well.

We are concerned from a tax perspective with respect to your members. In November, we received recent data that saw 6,600 jobs leave this province at a time when the rest of Canada saw an increase of 60,000 jobs. So we are concerned for your members. Any comment?

Ms Andrew: There is no question that increasing taxes, when 80% of our members say the total tax burden is the number one issue, is regrettable. There are some key things that small businesses appreciate in terms of tax relief over the years. The first \$400,000 of payroll that is exempt from employer health tax has been very helpful. The first \$5 million of taxable capital that's exempt from the capital tax is also a very big help for small business. I know others have appeared before the committee today, arguing for capital tax relief. That tends to be more of a big business perspective because the first \$5 million does it, mostly, for our members.

Property tax is the big one that needs some relief. We're very concerned that there's a lot of pressure for local spending. Our members support sharing gasoline tax. They support taking certain kinds of social services off the property tax base. But they also want to see their needs dealt with in any municipal financial reform. So I hope you're not right that property tax won't be addressed from the small business standpoint. You want to get those entrepreneurs able to graduate from the basement or the garage into a business premise, to start hiring people, to start growing that business, to provide more taxes to the public coffers and to pay for everything we all want and need in this province, from health care to education.

The Chair: Thank you. We'll now move to the NDP. Mr Prue.

Mr Prue: Much of your discussion was property tax, which is entirely within the municipal purview.

Mr O'Toole: Not on the education.

Mr Prue: Not the education portion, OK.

But you went on on the last page, and this is, I guess, really what I need to hear because we're discussing Bill 2, and said two good things about what this government is doing and then one not so good. I'd like to go to the not-so-good-one. "However, rollback of previously delivered tax relief is unsettling to firms affected by the retroactive changes." We've heard a lot today about the retroactive changes to the religious schools community and to the private schools community. I've gone through this act two, three, five times. I cannot find any other retroactivity. Can you tell me where it's retroactively affecting business, as you suggest?

Ms Andrew: Certainly the corporate income tax has been rolled back.

Mr Prue: All of the provisions—I read them all—are 2004, 2005 or 2006, throughout all of the bill, save and except for January 1, 2003, for the equity in education tax credit.

Ms Andrew: That one's retroactive.

Mr Prue: But that affects individuals and families and students. Where is the "rollback of previously delivered tax relief is unsettling to firms affected by the retroactive changes"? That's what I want to hear.

Ms Andrew: I guess the principle of rolling back anything retroactively is worrisome. If it can happen in one area, it can happen in any area.

Mr Prue: OK, but there is nothing that you can tell me that is retroactive to business. That's what I'm trying to understand. This is what you wrote, so that's what I'm trying to understand.

Ms Andrew: I'd actually like to respond to what you said about property tax being a municipal affair. Actually, the parameters for property tax are decided by the province. Bill 140 is very much, in terms of the share that businesses pay, decided by the province, so that is clearly in the provincial realm, as are the many billions of dollars on the business education portion.

Mr Prue: I said that on the business portion. I guess she's not going to answer my question.

The Chair: Thank you. I move to the government caucus. Mr Colle.

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Mr Colle: I just want to clear that up. In your last statement you're saying, "However, rollback of previously delivered tax relief is unsettling." What other rollbacks can you point to in this Bill 2, except for the one being debated about the private school tax credit?

Ms Andrew: I can't really point to any others at this present time. We were given 18 hours to prepare for this presentation today, including some sleeping time, so perhaps if I had more time we could provide you with more detailed input.

Mr Colle: OK, thank you.

Mr O'Toole: On a point of order, if I may, Chair: On that question, I think it is a question that perhaps members of the committee would like CFIB to respond to. My understanding has been that the reference there is really that they were in a business plan, going forward, looking at the tax rate being at 11 and 9, and technically they're not going there, so their business plans, which are a forward action, are being reversed. That's retroactive on a business plan going forward.

The Chair: That's not a point of order.

Mr O'Toole: Perhaps CFIB could respond with a response to this nature, that these are indeed retroactive taxes in a business cycle.

Mr Colle: Give us a break. That's not what it says here in the presentation.

Mr O'Toole: Well, think about it. If you're planning to go to—

The Chair: Order. There was opportunity for an answer to be given. We thank you for your presentation this afternoon.

ONTARIO ASSOCIATION OF JEWISH DAY SCHOOLS

The Chair: I call forward the Ontario Association of Jewish Day Schools. You have 20 minutes for your presentation. It can be used in any way you care, for the presentation alone or maybe some time for questions within that 20-minute time frame. If you'd state your name and your organization for the purposes of Hansard, then you can begin your presentation.

Mr Aaron Blumenfeld: My name is Aaron Blumenfeld. I'm co-president of the Association of Jewish Day Schools. Ira Walfish is the other co-president. We will split our time to deal with the issues addressing the independent schools aspect of this bill.

Minister Kwinter recently told us that society is judged by how it treats its most vulnerable minorities. In a democracy, the majority will always have the voice and the power. We agree that the true challenge of governance in a democracy is resisting the tyranny of the majority. We look to you, the members of this Legislature and this committee, to protect the vulnerable minorities. You have the voice and the authority and the power.

Today you're considering a bill that would have the effect of cutting off funding for the education of over 100,000 children in Ontario. Respectfully, we say that this deserves serious consideration and debate. Although we do thank you for the opportunity to speak here, we regret that we had about 24 hours' notice of an opportunity to be heard. Had we had a little more time, there would be more, but we've brought a couple of submissions.

In terms of our talking points, in tab 1 of our brief here, there's a three-page overview, which is essentially what we'll be following now. Then there's a 13-page, more detailed submission after that, and thereafter there are a variety of tabs that I will briefly refer to.

The vast majority of our parents are lower- or middle-income earners. For many, if not most, families, tuition is the largest expenditure in the family budget. It may easily exceed over \$20,000 per year. Finding the money for tuition is a constant struggle. About 45% of our families cannot afford the tuition. One of the packages that's been handed out is simply dozens and dozens of letters we've received from parents, which are really heart-wrenching letters. We think it's important that you hear from some of our families before making the recommendations you'll be making, because these issues do affect these parents deeply. We're talking about thousands of dollars that are about to be cut off to families that are really having difficulty making ends meet.

In Ontario, 96% of children are in fully funded public, Catholic or French-language schools; 2% are in independent schools; and 2% are in unfunded religious schools, which is approximately 50,000 children. You may wonder why we don't send our children to public schools. To answer, I'd like to describe to you a typical day in a Jewish school, keeping in mind the great diversity in our schools, because the schools are almost all

different in some manner, because they cover the entire spectrum of Jewish religious beliefs.

From 7:45 to 8:30, you have prayers in Hebrew. From 8:45 till noon, you have Jewish law, Hebrew, Jewish biblical texts, ethics and so on. From noon till 12:45, you have lunch—children are taught that they have to say blessings before and after eating; they have to wash their hands and recite a blessing; and all the food has to be kosher. From 12:45 to 4:30, there are secular studies—in most schools, the vast majority, they follow the Ontario curriculum, tests and so on. They take all the same courses—math, science, English and so on—in a restricted amount of time, and they do quite well. In the afternoon there are additional prayers. In the context of the whole day, religious studies take about 50% of the day, or at least that amount, and there is a strong emphasis on ethics and character building.

It's not that we do not want to be in the public school system; it's that public schools are not legally allowed have particular prayers, and they're not allowed to teach particular religions, as a matter of law. So those schools are not something we could participate in, because we could not convey our religious identity, which is at the core of what we are, in the public school system.

I understand that Mr Parsons had an issue, which was that there's a public policy that children should play together in the public school system and that will somehow improve society. The difficulty is that we have a problem: In order to achieve that, we would have to give up our religious identity. That's the only way that could be done. It's a balancing issue.

Minister Bryant said in the House earlier this year: "For a very small minority of Canadians, a religion is not a hobby that can be dealt with on the weekends. For them it involves an obligation to teach their children and pass along their holy language and their holy religion. It is for them a way of life." Similarly, Minister Gerretsen said in the House this year, about unfunded religious schools, that he believed "the people who send their children to denominational schools are not the rich or the wealthy. Quite often they're people who are hard-working but feel they want to give their kids a different education. I say, more power to them."

You might wonder, what is the benefit of our schools to Ontario society? I think the answer is that our schools produce good citizens who contribute to society. You don't need to hear Jewish jokes about my son the doctor to recognize that graduates of all the different religious schools are fully participating members of society in every career, in every profession, who contribute, each in their own way. This is really what makes this province and this country a rich multicultural mosaic. I can see that in my own kids.

I have a 10-year-old who can speak English, Hebrew and Polish, and she's also learning French. But most importantly, in part through the school system she's growing up as a good girl. I have a six-year-old who does math and English at a grade three level, but he also knows the distinct blessings on different kinds of food and he prays to God every day in Hebrew.

Our children are not just our future generation. They're a link in an unbroken chain that goes back thousands of years, over which we have managed to preserve our unique tradition, language and identity, despite generations of persecution. I think it would be ironic for many parents if, because of the loss of this funding that is so critical to them, their identity were now threatened in a modern-day Ontario by a Liberal government that takes away this funding. So I ask, before you cut off this funding for this education, please visit these schools and see for yourself the excellent work they're doing.

1730

I'd like to briefly address the cost issue. This education comes at enormous cost to us. For our schools, we are forced to pay for the capital costs, the teachers, the textbooks, the busing—all the costs—almost entirely off the backs of hard-working, middle-income parents, and yet we must also fund the public and Catholic schools which, you can appreciate, we cannot use. For every child in an unfunded religious school in Ontario, you are saving \$7,000 per year, for a total of \$325 million. Our parents are paying this \$7,000 to send our children to our schools. Of course, if we were Catholic, we would pay nothing. If we were in Quebec, BC, Alberta, Saskatchewan or Manitoba, we would be funded. If we lived in England, Australia or France—any democratic jurisdiction in the world—we would not be subject to state-sponsored religious discrimination, except here in Ontario. What Bill 2 proposes to do is return Ontario to its unique status as the only democratic jurisdiction that discriminates between children on the basis of their religious identities.

One of the tabs here is the Waldman decision of the United Nations human rights committee. You may all know it, but we've made a copy of it in case you haven't had the opportunity to read it. This decision held that the policy of the Ontario government contravened international covenants that Canada and Ontario agreed to abide by. This is really a stain on Ontario's and Canada's excellent reputation in the world. I ask, how can a Liberal government that espouses such principles do this to its vulnerable religious minorities?

In all the jurisdictions I mentioned where there is funding for minority religions, that funding does not detract from public education; it works hand in hand with it. We say that funding the education of the 2% of religious minorities in Ontario is simply the right thing to do. We're here on behalf of the 2% of Ontario children to ask, please do not put us in a situation where there's no funding for our children. If you feel you must repeal the education tax credit, we ask that you make it effective at the end of the school year June 2004 for two reasons: First, it will give us time to find an alternative that would work for the government and for schools; and second, it would avoid the punitive aspects of retroactivity, which Ira Walfish will address now.

Mr Ira Walfish: There is little doubt that parents relied on the tax credit when enrolling their children in religious schools in 2002. Our question is, how can a

government in good conscience ask people who paid for education in August 2002, approximately 16 months ago, and expected a refund under the law at that time, now lose that refund, as well as parents in August 2003? As was noted, I believe, by Mr Parsons before, this was not unexpected from the time the election began, but was this expected in August 2002, 12 months before the election, that parents were going to lose the tax credit? This is actually a retroactive measure over two school years. Parents made their decision in August 2002 to send their children to school from September to June 2003. So this is not retroactive to January 1, 2003; it's really retroactive back to 2002, over two school years. Parents relied on the ETC in making this decision to send their children to schools. Now, essentially the government is punishing them by not only removing the credit but also making it retroactive.

This is creating enormous anger and outrage among our parents. Parents are asking, "Should I now remove my child from school because I can't afford tuition?" Why is this the only tax measure in Bill 2 that is retroactive, as Mr Prue has correctly pointed out before? Is there prejudice against the 2% minority?

The Liberal plan for education is entitled Excellence for All. Should we have an asterisk: "All except the 2% minority"? Of all the leaders, Premier McGuinty should best understand the value of religious education. He has sent four of his children to publicly funded Catholic schools. How can he possibly begrudge the same to the children of other religious groups?

The reason cannot be cost. This will only cost \$30 million in the context of a \$70-billion Ontario budget—\$30 million for 2003, \$27 million for 2004 for religious schools. It will cost parents \$1,400 per child in 2003, \$1,250 for the six months in 2004. A family with four children will end up sacrificing \$10,000. Would we rather our parents not pay their mortgage or send their children to a school of their choice?

We often hear the argument that the public school system needs money, as you've already heard today from Annie Kidder. We agree: The public school system does need money, and there's no question that there's a right in society that there should be a public school system that is funded. The problem is that we also have a right to have you fund our system. If in order for the government to have a right to fund one system it is at the expense of another system, we find that particularly immoral. As we have pointed out, the fact that the public schools are available to all citizens is irrelevant if religious parents cannot use them. We have no right to fund one system at the expense of another system.

One final thought: The question has already been asked a couple of times by Mr Prue about: Where's the money going to come from? The fact is that the government is saving \$325 million because of our schools, minus \$30 million for the education tax credit. That's a net saving of \$295 million. If 9% of the religious students transferred from the religious schools into the public school system, that would approximate \$30 million. If

more than 9% of the students transferred, that would actually cost the government money. The question could be: Where would the money come from if more than 9% of the students transferred into the other school system? We are the 2% in society that have no voice, and for the sake of our children we ask you to be our voice.

If there are questions, I'd be happy to respond.

The Chair: Thank you. We have one minute per caucus left. I would ask you to adhere to that as closely as you can—question and answer in a one-minute time frame.

Mr O'Toole: Thank you very much for a very extensive presentation today. I just want to cite for the record one piece of the correspondence here. I thought it was most appropriate since it's directed to Dalton McGuinty, now Premier. It says, "Retroactive reversal of tax credit is cruel and indecent." A very striking phrase. It's the first time, that I'm aware of, in Ontario. It also speaks to the fact that—the cruelty of it is, Mr McGuinty had the opportunity to educate his children in Catholic schools that were funded, and now that they're through that, he's now throwing the baby over the gauntlet.

1740

It says: "It bothered us during the campaign that Mr McGuinty would deny to other children the opportunity he enjoyed. This week, he made it official and moved to eliminate the private school tax credit"—in a mean-spirited nature, "by making the repeal retroactive...." Now, that is the real essence.

I guess there was an election and clearly the people made a decision to put more money into services. That probably isn't a bad thing. I think it's difficult—you have to grow the economy—but I guess it's the idea of this one single thing, and I can assure you that our opposition party will be moving an amendment.

The amendment will be very specific, not to address all the essences of these taxes, but the repeal—that section dealing with the retroactivity, we need you to be vocal and active to make sure that it's this retroactivity that is the most incensing of all of the moves. So you have our assurance that that will be on the table for 9 o'clock tomorrow; it's due warning. I would expect they will carry the day. The Liberals are now the government; they will win every vote.

We're calling you to speak to Tim and to David and to Judith and to Ernie—well, maybe skip Ernie—go to Mike and try to get them to look at that one amendment. There's no money involved; it's purely respecting discrimination that you've so eloquently put to us today.

Mr Prue: I will be just one minute.

The entire issue for me here is one of retroactivity. You must know I have spoken in favour of publicly funding schools. The New Democratic Party does not believe in the employment equity—I just said the wrong thing there—in terms of the equity in education task force that the previous government brought forward, but I would tell you, I have never seen a law in this country that is a good law that is retroactive. Any lawmaker will

tell you, you never do a retroactive bill if you want it to be successful. It harms far too many people—

Mr Parsons: Social contract.

Mr Prue: I don't think it was retroactive, and that was a bad bill anyway. That just goes to show you.

So I will not be supporting their retroactive measures because I think the government has the wherewithal to find that kind of funding from somewhere else.

Mr Parsons: I never had my name in Hansard so many times in a committee meeting.

I fundamentally don't believe in public money going to private hospitals, public money going to private MRI clinics or to private schools.

I represent a rural Ontario riding. I was born and raised in the country, and quite frankly, for me and for my children, the other young people they associate with are the ones at school. We need a pair of binoculars to see the next house. There isn't an arena; the kids play hockey out on the highway. It's kind of risky. So they mingle with students at school.

I will confess, having gone to the school they did, that I don't know a lot about the Jewish faith and traditions, I don't know a lot about the Islamic faith and traditions, and I wish I did. It is something that's missing out of my life that I should—

Interjection.

Mr Parsons: Sorry. I can't speak without moving my arms, so I do this.

I have missed information that I wish I had. I think it would have made me a better person; it would have helped me make the province a better one.

So for a rural riding, I see a great virtue in having all of the students together; that's my experience. There aren't neighbours in my rural riding, which I don't think a lot of you understand. The fellowship that my children achieve is at school.

Mr Blumenfeld: May I just say one thing: that is, my kids also have Catholic kids on the street and they do play with them from a young age, but the difference is that the Catholic kids get bused to a school two blocks away at our expense and we also have to pay for our kids' busing. That's just not fair.

The Chair: Thank you for your presentation today.

B'NAI BRITH CANADA

The Chair: I would call B'nai Brith Canada.

Interruption.

The Chair: Order. Committee rooms are similar to the House, the Legislature. There are to be no demonstrations.

Good afternoon. You have 20 minutes for your presentation and questions. I should mention first of all that there's a distinct possibility that members would have to go to the House for a vote. We'll deal with that should that arise. I ask you to state your name and your organization for the Hansard record.

Ms Toni Silberman: Good afternoon, or good evening. My name is Toni Silberman and I am chair of the

League for Human Rights, Ontario region, of B'nai Brith Canada. With me is Anita Bromberg, who is coordinator of human rights and legal counsel for our organization.

Established in Canada in 1875, B'nai Brith is Canadian Jewry's oldest and only independent community service organization. The League for Human Rights of B'nai Brith Canada is considered by many to be Canada's foremost human rights agency, dedicated to combatting anti-Semitism, racism, bigotry and hate in all its forms. On their behalf, I thank you for the opportunity to address the human rights aspect of this issue, an issue so vital to members of Ontario's faith communities.

Indeed, many of our constituents and associates in Ontario have children in independent religious schools. Our members and friends in sister provinces have, with the assistance of their provincial governments, long enjoyed the economic relief and freedom necessary to transmit their heritage to their children, assistance which, I might add, and despite the canard, has not and does not adversely affect the system of public education in their respective communities.

It is perhaps coincidental, and sadly ironic, that these hearings are taking place on the eve of International Human Rights Day, a day which commemorates the unanimous adoption by the United Nations General Assembly of the Universal Declaration of Human Rights. This masterful document, to which Canada and all of its provinces were signatories, commits to paper the highest, most worthy ideas of men and women: the recognition of the inherent dignity and equal rights entitlement of all members of the human family and the commitment to universal freedom and justice.

We in Canada, and in Ontario, are fortunate indeed. We live in a democracy where injustice and discrimination are condemned by political philosophy and punishable by law, and therein lies the irony, because we believe that what is being proposed by Bill 2, with respect, is neither fair nor respectful of Ontario's pluralism and diversity.

The purpose of this briefing paper is to provide members of the Legislature, and in particular this committee, with information that hopefully will help guide your deliberations on Bill 2. Our submission deals with this bill as it pertains to the provision of tax relief through the equity in education tax credit to parents who send their children to private, faith-based schools in Ontario. But the approach we will take is to address some of the myths that have been perpetrated and percolating around this issue.

Myth number 1 is that independent schools are the exclusive domains of the wealthy. Opponents of the education tax credit often portray independent schools as exclusive institutions available only to the children of parents who can afford to pay prohibitively high tuition fees. "Parents who can afford to pay tuitions of \$20,000 per year hardly need tax relief, especially given Ontario's present fiscal situation," so the argument goes.

This is an admittedly compelling argument, were it true. While there may be a number of institutions and

families that fall in this category, most independent schools and the parents of children who attend them do not. According to a study recently conducted by the Fraser Institute of the 800 or so independent schools in Ontario, only approximately 5% could be characterized as elite and exclusive. The other 95% offer alternative programming for children whose needs are not, or cannot be, adequately served in the public school system. This includes faith-based schools.

The situation of Jewish educational institutions in Ontario is consistent with that which I mentioned above. According to the Ontario Association of Jewish Day Schools, from whom you just heard, there are some 12,000 Jewish children attending 44 independent Jewish schools across Ontario. As you heard, the overwhelming majority of these students come from middle- and lower-income families. For most of these families, tuition represents the largest expenditure in their household budgets. Parents of these children make tremendous sacrifices in their standards of living in order to send their children to Jewish schools.

1750

Myth number 2: The decision of parents to send their children to independent schools is simply a matter of choice. Fact: Much of the opposition to public funding for independent schools is predicated on the mistaken belief that the decision of parents to send their children to such institutions is in all cases merely a matter of choice. This is not so for parents who send their children to faith-based schools. It is simply untrue that public schools are as accessible—

The Chair: Excuse me. I think we're going to have to recess at the time that there'll be a vote in the House. So we would recess until after the vote.

Mr Wilkinson: Mr Chair, we will have the deputations?

The Chair: If that's the wish of the committee.

Interjection.

The Chair: This is the programming motion?

Interjection.

The Chair: Under the programming motion it would be.

Mr Barrett: We have a number of minutes—

Mr Wilkinson: To be clear, though, then all of us would immediately return and then we would continue?

The Chair: I'm not certain, but I thought the programming motion said it was a 10-minute bell.

Mr O'Toole: In that case, you could be doing your presentation.

Ms Silberman: I could talk fast.

Mr Wilkinson: I know that I and other colleagues would be more than happy going past 6, so that this part could be completed.

Mr O'Toole: What they're really asking for is an amendment to Bill 2.

The Chair: It's a 10-minute bell, so we have time.

You'll continue, but we will interrupt you, I'm afraid, so that members can go and vote.

Mr Wilkinson: We live with these bells.

Ms Silberman: It's giving me a migraine.

It is simply untrue that public schools are as accessible to children of faith as are parochial schools. Ontario's public schools are not, as some would argue, simply non-denominational. Quite the contrary: Ontario's public schools, by and large, reflect the predominantly Christian character of our society. Moreover, some of the beliefs and values, not just tolerated, but actively promoted in public schools, are incompatible with the teachings of other faiths and do not reflect the religious and moral imperatives of these faiths.

According to the figures provided by the OAJDS, the number of children attending independent, faith-based schools in Ontario is estimated to be less than 50,000. It is imperative for members of this committee to understand that for the parents of these children, there is no real choice. They are compelled by their religious convictions to send their children to religious school. It is inequitable to perpetuate a system that forces these parents to choose between their religious beliefs and a public education system that truly does not, and arguably cannot, accommodate these beliefs and value systems.

Myth number 3: The Supreme Court of Canada ruled that Ontario was not violating human rights by refusing to fund schools of other denominations. The case normally cited in support of this argument is *Adler v Ontario*. It is untrue, however, that the Supreme Court ruled in this case that Ontario was not committing a human rights violation by funding Roman Catholic schools, while denying funding to other faith-based schools. In fact, what the Supreme Court said was that any inequality of treatment arising out of the Ontario government's policy was the result of a constitutional obligation to fund the Roman Catholic schools. In essence, the court ruled that Ontario could legally get away with it, whether or not it offends the spirit of human rights.

In November 1999, the Human Rights Committee of the United Nations ruled, pursuant to a complaint made by Ontario parent Arie Waldman, that Ontario's policy of funding Roman Catholic schools, while denying funding to other faith-based institutions, violates the terms of the International Covenant on Civil and Political Rights. This instrument, which came into force in 1976, was signed by the federal government after having obtained the consent of all 10 provinces, including Ontario. While the Human Rights Committee's ruling in Waldman did not provide for specific remedies, it did confirm that Ontario's policy was not only discriminatory; it also violated the terms of this international covenant.

B'nai Brith Canada welcomed and strongly supported the creation of the EETC in 2001 on the grounds that even if its purported purpose was to promote generic school choice, a corollary benefit to its adoption was that it rectified, in some small way, this long-standing and serious human rights deficiency. As then-Minister of Finance and Deputy Premier Jim Flaherty said in the Ontario Legislature, if parents choose to send their children to an alternative school "mainly for religious or cultural reasons ... they're entitled to receive some credit

for doing that. That, we think, is reasonable." And so do we.

Myth number 4: Public schools are the only institutions transmitting our democratic values. They alone foster tolerance and anti-racist attitudes, while private and denominational schools foster racial segregation, cultural divisiveness and social fragmentation.

Tolerance manifests itself in many ways, such as racial integration, religious freedom and school choice. Several key studies have been done in recent years, comparing the development of tolerance and strong civic values in both independent and publicly funded schools.

It is true—the ideal of the public school, where students learn respect for their fellow citizens by mixing with students of different backgrounds was, and continues to be, central to the justification of the public funding of education, bringing together children of widely differing social and economic strata, rather than developing an elitist ethos. These schools are held up as the great leveller.

However, studies on this subject suggest that, in reality, public schools are not the unifying institutions in our society. The fact is that many public schools are already segregated, both racially and economically, based on the particular community demographics. The wealthier school districts inadvertently promote segregation by only accepting the privileged students who live within their boundaries, or within the artificial attendance areas which the district itself has created. Private and denominational schools have no geographic limits to attendance, thus ensuring a more representative cross-section of students.

Private schools, especially faith-based schools, transcend political and neighbourhood boundaries to gather a more racially and financially mixed student body, as opposed to the geographic criteria which tend to reinforce segregation. Better integration leads to better race and ethnic relations, which promotes greater tolerance and harmony. In truth, racial and ethnic conflict—

The Chair: Pardon me. I think I should allow the members the time to go and vote. If it is the will of the committee, we would come back after the vote, which is anticipated to be at 6 o'clock, to hear the rest of your submission. I do apologize. Is it the will of the committee to come back? Agreed.

We will stand recessed until after the vote.

The committee recessed from 1757 to 1808.

The Chair: Thank you very much for your patience. We'll let you begin again with your presentation.

Ms Silberman: Thank you. Having just renewed my car insurance, I certainly hope this insurance cap will be retroactive.

Mr O'Toole: No.

Ms Silberman: Ah, interesting.

I was talking about the need for transcending political and neighbourhood boundaries in order to ensure racially and financially mixed student bodies, and the comparison between public and private schools with respect to this.

In truth, racial and ethnic conflict and fighting is far more of an issue in public schools than it is in private schools. It follows then that expanding access to private schools is likely going to improve integration in education and not lead to race wars, ethnic cleansing or genocide, as some critics purport.

Our recommendations: By simply eliminating the education tax credit without due regard for the rights of those who send their children to independent, faith-based schools as a matter of necessity—and I emphasize—and not by choice, the government will inflict grievous and, in some cases, irreparable harm on these children, especially given the typical socio-economic condition of the families that fit into this category. Furthermore, since the education tax credit was an imperfect solution at best, the obligation rests on this government to find an equitable alternative solution.

Although the Ontario government can rely on existing jurisprudence to deny it has a legal obligation to maintain a level of funding for schools serving these children, there is no longer any credibility to the argument that Ontario has no moral obligation to do so. We, therefore, make the following recommendations:

(1) We ask the government to leave the education tax credit intact and move toward full implementation of this provision.

(2) We urge the government to delay the proposed termination of the education tax credit until an alternative solution is determined.

(3) We suggest that faith-based schools be considered in a separate category from elite, private schools when determining the alternative solutions available.

(4) At minimum, should the government choose to proceed with the elimination of the education tax credit, it should not do so retroactively, as is presently proposed. Such an act can only be described as unjustifiably punitive to those have made their family budgets and financial commitments contingent on receiving this credit, which has been fully assured for the 2003 fiscal year.

In conclusion, Ontario created and implemented the education tax credit in part to rectify the inequities in funding for faith-based schools, and to provide parents who send their children to these schools partial access to the pool of funds to which they are compelled by law to contribute through their taxes. It is our view, therefore, that eliminating the education tax credit may give rise to a new round of litigation that would be costly for all parties and, in the end, immensely damaging to Ontario's reputation as a tolerant, pluralistic society. I assure you that we are not going away and we will not remain silent.

Many Liberal candidates who were elected this fall called during their campaigns for an end to the politics of division in Ontario. B'nai Brith Canada strongly supports this goal and urges the new government to use this occasion to show good faith to the entire electorate of Ontario, including its faith-based communities.

Myths cannot go unchallenged. As we view it, the purpose of the education tax credit is to return all

children to a level playing field, with parents of all colours, socio-economic levels, classes and faiths being able to choose from among the widest range of schools possible, to provide the kind of education that responds to the needs of Ontario's children, as some of you may have done with your own children in following your religious convictions by enrolling them in the publicly funded separate school system.

Respect for diversity and pluralism for the individual and common good is a cornerstone of good education. Public education should not merely be what goes on within the walls of a publicly funded school. Public

education is, in truth, the public's responsibility to educate all children wherever their needs are best met.

Our community's ancient sage, Rabbi Hillel, quoted from the Bible when he said, "This is the greatest rule of the Torah: you shall love your neighbour as yourself." We are called upon to love our neighbours and our neighbours' children as ourselves. Distinguished members of this committee, this is all we ask of you. Thank you.

The Chair: Thank you very much for your patience. It now being 6 o'clock, this committee now stands adjourned.

The committee adjourned at 1814.

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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 10 December 2003

Journal des débats (Hansard)

Mercredi 10 décembre 2003

Standing committee on finance and economic affairs

Fiscal Responsibility Act, 2003

Comité permanent des finances et des affaires économiques

Loi de 2003 sur la gestion
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Wednesday 10 December 2003

Mercredi 10 décembre 2003

The committee met at 1009 in room 151.

FISCAL RESPONSIBILITY ACT, 2003

LOI DE 2003 SUR LA GESTION
RESPONSABLE DES FINANCES

Consideration of Bill 2, An Act respecting fiscal responsibility / Projet de loi 2, Loi concernant la gestion responsable des finances.

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will come to order. Good morning, committee members. We're here today for clause-by-clause consideration of Bill 2, An Act respecting fiscal responsibility.

Section 1: Are there any comments, questions or amendments to section 1?

Mr Toby Barrett (Haldimand-Norfolk-Brant): With respect to Bill 2, An Act respecting fiscal responsibility, which has also been described as the largest tax hike day in the history of Ontario bill—

Interjection: The mother—

Mr Barrett: The mother bill?

Interjection: —of all tax hikes.

Mr Barrett: Over the years, with the eight years of economic growth that we've seen in Ontario, the evidence is clear that cutting taxes creates a stronger economy and that tax cuts do create jobs. The formula—it's pretty simple stuff, really—is very basic: Cutting taxes gives people and businesses, the corporations, the small businesses where people are working, more dollars to spend in their home communities, in their hometown, more dollars to invest. It increases their bottom line, and it has proven to lure more business to Ontario, creating jobs and strengthening the economy.

In contrast, and as we see in Bill 2 and in several sections of this legislation, tax increases, on the other hand, take money out of people's pockets. That's very clear. It leaves them less money to spend. It decreases the bottom line for business, resulting in fewer jobs and, hence, a weakening of the economy. It is a cycle, and it's a cycle that this government seems keen on forcing on the province of Ontario once again as we see this government continue down the trail of broken promises.

As results bear out, since the previous government, the PC government, started implementing the tax cuts that we see eliminated today in these deliberations, government revenues increased by over \$16 billion a year. The

previous government, the PC government, understood that a strong economy is the foundation of a strong Ontario. Again, all the services that we cherish most, those services in the health care field, the education field, safe communities, the preservation and protection of our natural environment, are all built on the resources of economic strength. For some reason, that clear reality seems lost in the deliberations here today with respect to Bill 2 and the tax grab that we have before us.

We do have a number of amendments. We're debating a bill that is reversing direction of tax policy, the tax policy that has seen the recent, unprecedented growth in the province's economy. We're here debating a bill night after night—I personally saw the television commercials during the election with Mr McGuinty saying over and over again, "I will not cut your taxes, but I will not raise them either."

Apart from several amendments we are putting forward with respect to the reversal of the tax reduction schedule, I know there's another very important amendment with respect to the retroactivity in the equity in education tax rebate, and we will also be focusing on that today as well.

The Chair: Are there any other comments or questions?

Mr Mike Colle (Eglinton-Lawrence): This is in regard to this first amendment, right?

The Chair: No, to section 1; there's no amendment.

Mr Colle: We're unequivocal in our commitment to reversing the reckless Tory tax cuts, given the fact that the government previous to us has left such a catastrophic situation in our health care system, our education system. Now we find out that the hydroelectricity infrastructure is in an incredible mess and reconfirms the fact that we can't afford to give away tax cuts, especially to corporations, and we're following through with our commitment.

The Chair: Any further comments? Seeing none, shall section 1 carry?

Mr John O'Toole (Durham): Recorded vote.

The Chair: Mr O'Toole has asked for a recorded vote.

Ayes

Colle, Kular, Marsales, Oraziotti, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 1 is carried.

We move to section 2. Any comments, questions or amendments to section 2?

Mr O'Toole: We have to be on the record on every single clause. As Mr Barrett has indicated, we want to be very clear that this bill is an attempt at an omnibus tax increase in a number of ways. I am very concerned, as was expressed by all presenters, in every presentation in this sham of a public hearing on this bill that has been time-allocated. It's stifling the will of the people we spoke to yesterday. Many of them addressed—I think we would have to look at the presentations from a number of very reputable people yesterday who indicated—Mr Mintz is just one of many who has made it very clear that this is a regime of tax increases.

We'll be asking for recorded votes on every section. As you know, Mr Chair, we have a number of amendments, which will precipitate some debate, hopefully, from all three parties, to have a real context of open dialogue on an important sign or signal to the taxpayers of Ontario, from individuals to small business—that's less than five employees, as we heard from Judith Andrew of the CFIB—right through to larger industries that really were only represented to the extent that they had resigned themselves if there was a new government, and the consequences we'll be seeing in their tax bills.

In that respect, this is another clause that really—it's a 14% multiplier of the ratio of the number of days of taxation yearly. It's right back to 2003. It's unfortunate.

The Chair: Any other comments?

Mr John Wilkinson (Perth-Middlesex): I just want to ensure that we have it on the record that the CFIB were here yesterday and were very supportive of our moves here.

The Chair: Any other comments? Seeing none, shall section 2 carry?

Mr O'Toole: Recorded vote.

The Chair: A recorded vote.

Ayes

Colle, Kular, Marsales, Orazietti, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 2 is carried.

Section 3, any comments, questions or amendments?

Mr O'Toole: I hope everyone has received the package of amendments, specifically starting with amendment number 1 on section 3. I will read it into the record.

I move that clause 41(1.1)(g) of the Corporations Tax Act, as set out in subsection 3(1) of the bill, be struck out and the following substituted:

“(g) 6 per cent, in respect of a taxation year that ends after December 31, 2003, and before January 1, 2005;

“(h) 5.5 per cent, in respect of a taxation year that ends after December 31, 2004, and before January 1, 2006; and

“(h.1) 4 per cent, in respect of a taxation year that ends after December 31, 2005.”

1020

This just tries to replace this amendment, which is taking taxes from 4%, which was in our budget, to 6%. That's just to put on the record, for those members opposite who realize, this is a small business tax increase basically from what was scheduled as 4%, now to 6%. As long as you understand—you may not have read this bill, because if you read the bill, you'd have to have all the previous legislation it's amending. Until you've done that, you really haven't done your homework. You've been briefed. I understand Mr Colle might have read it or been briefed on it.

But we're upset—it would be on the record by Mr Wilkinson that this was approved by the CFIB, that they were somehow supportive of this. I'd like to go on the record that if small business was really notified of what you're doing here, they would have been completely upset. In fact, they just feel powerless, such an overwhelming majority, that we have to voice the concerns of small business. We heard very clearly that 80% of all the new jobs are basically small business. These are the people who are being hit with property tax increases, they're being hit with corporate tax increases, and I'm afraid in the future they're probably going to harmonize the PST-GST, which is a further tax increase on items that aren't taxed today.

But that's your regime: tax and spend. We understand that. So I move that amendment.

The Chair: Any other comment?

Mr Wilkinson: I am a small business man, and it is the small business sector that creates most of the jobs. Small business people know that you do not live beyond your means and you do not run up your credit card with borrowed money to try to paper over a problem that you have, a systemic and structural deficit in your business. You don't sell off the silverware and you don't sell off your revenue streams. Therefore, this bill needs to be supported because we have to get our fiscal house in order in this province. We are running a fiscal, structural deficit, we are running a public safety deficit, and we're running a public infrastructure deficit. We represent the public.

I would urge my fellow members that we do not look at this amendment favourably, but instead do what we were elected to do, which is to restore fiscal probity to this province.

The Chair: Any other comment?

Mr David Orazietti (Sault Ste Marie): I find it odd that the member opposite would suggest that the members here are not aware of exactly what we're doing. We're very clear on what we're doing. We committed to the people of Ontario to do this during the campaign.

These were scheduled tax cuts that were supposed to come into effect. They are not coming into effect because the people of Ontario have chosen better health care, better education in this province and a stable economy. That's what we're going to give them when we pass this.

The Chair: Any other comment? Seeing none, shall the motion carry?

Mr O'Toole: You've got to vote on the amendment and then we vote on the motion.

The Chair: Shall the amendment carry?

Mr O'Toole: Recorded vote.

Ayes

Barrett, O'Toole.

Nays

Colle, Kular, Marsales, Orazietti, Peterson, Prue, Wilkinson.

The Chair: The amendment is defeated.

Shall section 3 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Orazietti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 3 has been carried.

Section 4: Any comments, questions or amendments?
Mr Barrett has an amendment.

Mr Barrett: I'll read the amendment into the record.

I move that clause 41.1(3)(f) of the Corporations Tax Act, as set out in subsection 4(3) of the bill, be struck out and the following substituted:

"(f) 4.667 per cent multiplied by the ratio of the number of days in the taxation year that are after December 31, 2002 and before January 1, 2004 to the total number of days in the taxation year;

"(g) 4 per cent multiplied by the ratio of the number of days in the taxation year that are after December 31, 2003 and before January 1, 2005 to the total number of days in the taxation year;

"(h) 3.667 per cent multiplied by the ratio of the number of days in the taxation year that are after December 31, 2004 and before January 1, 2006 to the total number of days in the taxation year; and

"(h.1) 2.667 per cent multiplied by the ratio of the number of days in the taxation year that are after December 31, 2005 to the total number of days in the taxation year."

Again, there was mention made of the presentation by the CFIB, the presentation by Ms Andrew. This legis-

lation is cause for concern for the future and the continued growth of small business. We are a party that likes to see small business grow into large business. We're concerned that with legislation like this we're going to see large business develop into small business. That's not the direction we want to see in the province of Ontario.

There's no secret, and this was said in previous deliberations, that small business is the backbone of our economy, and the lion's share of new jobs created in the province of Ontario comes from small, independent business people. We're concerned that Bill 2, in a sense, is imposing higher tax rates on small business. It's imposing higher tax rates on the customers of these small businesses and on consumers in general in the province of Ontario. We've seen a trend develop already, and in fact job figures for the month of November indicated that 6,600 jobs left the province of Ontario in contrast to a job creation across the Dominion of Canada of 60,000.

The Chair: Any further comment?

Mr Michael Prue (Beaches-East York): I'm not so sure that it's a comment; perhaps a question of the mover or perhaps someone—the legislative researcher is not here, but what is the net effect of this motion? How much is this going to cost the treasury? I need to know, before I can support this, what the net effect is. I mean, all the numbers are reduced, so how much is this in dollars?

Mr Barrett: I think a general answer: Maybe there is legislative research. This is not seen as a cost to the treasury. Tax reductions like this create jobs.

Mr Prue: I don't buy into that. How much is the cost to the treasurer?

Mr Barrett: Do you want an answer from someone else?

Mr Prue: No, I want to know the cost in dollars to the treasury.

Mr Barrett: Over what time period?

Mr Prue: This year.

The Chair: I would ask Mr Colle if there is anyone from the ministry here who could answer.

Mr Colle: First of all, I would ask the mover of the motion if they have information. Have they costed it out? How much is it?

Mr O'Toole: We would say, and again, this is very preliminary, that the—I have some numbers here. I just want to find out that our charts are somewhat accurate.

We believe that the total impact of this bill on corporate income tax through 2004 is \$2 billion. It's actually an increase.

Mr Prue: We're voting on this subsection. So I want to know what this actual subsection is going to cost the treasury.

Mr O'Toole: If I may, if you read the section in which the amendment has been moved, we're really saying that we had initially scheduled a small business tax rate of 2.667%, multiplied by a ratio of the number of days of the tax year, so it's a fairly complicated thing of arriving at these number of tax days.

1030

What you're proposing is a tax of 4.667%. All we're doing with this amendment, really, is mending your

schedule of moving it to 4.667%. Our position was 2.667%. It's an increase in tax. If you want to translate that into a loss to the treasurer of Ontario, we have always made the argument that small business creates jobs. If you leave them with the money, they expand their business and create more employment. It is yet to be seen if there is a relationship between tax policy and economic growth. Ultimately, it's a larger debate. I'm sure ministry officials could probably come up with some number similar to the number they used in the equity in education tax credit. We heard great disparity in the cost, from \$30 million to the treasury number of \$165 million. You're voting, clearly, from the questions or issues that have been raised by Mr Prue, and not a single question by the Liberals, who are just voting like a group of sheep.

Ms Judy Marsales (Hamilton West): Bah.

Mr O'Toole: Bah, exactly. I'd expect this would probably carry. Mr Barrett and I are just the lone wolves here amongst a pack of sheep.

Mr Colle: Wolves is right.

Mr O'Toole: Well, we're not wolves. We're just keeping an eye on the economy.

Interjections.

Mr O'Toole: Wolves in sheep's clothing.

Ms Marsales: Mr Chairman, the sound—I am particularly sensitive to this high pitch and its giving me a headache.

Interjection.

Mr Prue: My friends here from the Conservative Party may not be able to answer it. It is very complex. I want to make sure that I am voting correctly on these issues. To my mind, I need to know the dollar cost. I need to know what these are going to cost or save in each of the motions before I can properly affix my vote.

The Chair: What I could do is ask Mr Colle if he can have someone—

Mr Colle: If I could just answer Mr Prue, in fact, they are claiming that this isn't even a cost on the treasury. At this point in time, given the time constraints, if we were to go through their motions and, dollar for dollar, try to do that in a comprehensive way, I think it would be very, very difficult. As you know, we've said from the onset that all these are cost impacts, because a tax cut is a drain on the treasury. A cumulative effect is the billions of dollars we're hoping to save. My advice is that they don't have it costed out, and for us to try to do this at this time would be very difficult to tell you that this is a fixed amount of dollars, given what it takes to break this down in dollar amounts.

Mr Prue: But is there nobody on staff who could globalize and say this is \$10 million, \$20 million or in the range of \$50 million? That's all I'm looking for.

Mr Colle: I think at this juncture, that's difficult to do.

Mr Prue: All right. Thank you.

Mr O'Toole: Just one more small piece of information that may be relevant. We won't have to repeat this on every amendment, but I think in the earlier discussions on the nature of this *[inaudible]*. All I can say for the record, and the record does speak for itself, is

that we had 225 reductions in tax on a variety of personal, small business, corporate and business, as well as institutional tax credits. That resulted in an increase of about \$16 billion in revenue. If you took where we started in 1995, much worse conditions than what you're in, we were in an \$11.5-billion deficit. It was different. You have a deficit of some sort. Some of it is just a human deficit, looking at the caucus, but that human deficit—

Interjection.

Mr O'Toole: I didn't think you'd notice that. The actual budget increase from about \$55 billion to \$70 billion—

Mr Colle: On a point of order, Speaker: This attack on people's personality, name-calling—it's been done twice already this morning. I would ask that you ask the member to stick to the issues before us and stop the name-calling.

Mr O'Toole: It wasn't name-calling. *[Inaudible]* not looking forward to full employment. If there was any offence, I withdraw it completely. That was not the intent. It was taken that way, and I guess you feel sensitive about it, but it wasn't intended that way.

We felt that the economy grew from around \$55 billion to \$70 billion. We increased \$10 billion in health care. I want health care, as each of you do, but if you don't have a strong economy—this is the fundamental debate today—you don't have the quality of life. You have to have the revenue to pay for the quality of life. If you need any proof, you have to look at East Germany or some other countries that are struggling with no monetary system, no judicial system, they have no economy and they have no confidence in investment. Even the retroactivity measures in this bill are very poor signals to the investment climate. I guess we could go on, but I just think the tone we're setting here today is respectful, but it's also substantive change for the people of Ontario. It's tax-and-spend time, people.

The Chair: Any other comments? Seeing none, shall the amendment carry?

Mr Barrett: Recorded vote.

Ayes

Barrett, O'Toole.

Nays

Colle, Kular, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

The Chair: The amendment is defeated.

Shall section 4 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 4 has carried.

Section 5: Are there any comments, questions or amendments?

Mr O'Toole: I would like to bundle all of the sections we've dealt with, sections 4 through 8, together and save some time, unless there's some debate on those sections. We have an amendment in section 9, so I'd be prepared to bundle them.

Mr Colle: That's fine.

Mr Wilkinson: We just dealt with section 4.

Mr O'Toole: I mean section 5; you're right.

The Chair: So just to be clear, you mean section 5 through section 8, inclusive.

Mr O'Toole: Right.

The Chair: Shall section 5 through section 8, inclusive, carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 5 through section 8, inclusive, have carried.

Section 9: Are there any comments, questions or amendments?

Mr O'Toole: We have an amendment to section 9(1) as follows:

Subsection 9(1) of the bill, paragraph 10 of subsection 3(1) of the Income tax Act:

I move that paragraph 10 of subsection 3(1) of the Income Tax Act, as set out in subsection 9(1) of the bill, be struck out and the following substituted:

"10. The additional tax for each of the 2002 and 2003 taxation years is the aggregate of,

"i. 20% of the amount, if any, by which the gross tax amount of the individual for the taxation year exceeds \$3,685, and

"ii. 36% of the amount, if any, by which the gross tax amount of the individual for the taxation year exceeds \$4,648."

1040

If I may, Mr Chair, with a brief explanation, what this does is change the personal income tax surcharge. What you're actually doing—we had initially tried to move the surcharge, which is the tax on personal income, to a threshold of \$75,000 and progress it to \$80,000. That's the first level of taxable income.

Perhaps I'm speaking too loudly. Maybe I'm speaking too much, but that's another issue.

Our thinking is that in today's world, with two people working—we're talking about income surtax, right? What you're doing actually is moving it back to \$55,000, where the surtax will click in earlier than we had proposed. This was passed in our budget bill. It's difficult for the average citizen to fathom these very subtle, some might say mean-spirited—retroactively in almost all cases you're going back and undoing what we felt, from listening to the people of Ontario, with the broadest consultations in pre-budget hearing history in this province—I was PA to finance, so I have some clue of how thorough those consultations were. I don't believe the average taxpayer understands what you're doing. In fact, I'm convinced, just by the somewhat vacant stares, that some here don't get it either.

I'm concerned, because what we're saying is that if we allow middle-income earners to have more of their money, they're going to spend it to help their children and their families, their communities and their small businesses. Now you're going to take it and exactly what you're going to do with it, I'm not sure. Anyway, that's what this amendment proposes to do. Vote on it at your peril, because we want a recorded vote on the amendment.

The Chair: Any other comments?

A recorded vote.

Ayes

Barrett, O'Toole.

Nays

Colle, Kular, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

The Chair: The amendment is lost.

Are there any other amendments?

Mr Barrett: There is a second amendment to this section, subsection 9(2) of the bill, paragraphs 11, 12 and 13 of subsection 3(1) of the Income Tax Act.

I move that paragraphs 11, 12 and 13 of subsection 3(1) of the Income Tax Act, as set out in subsection 9(2) of the bill, be struck out and the following substituted:

"11. The additional tax for the 2004 and each subsequent taxation year is 56% of the amount, if any, by which the gross tax amount of the individual for the taxation year exceeds \$4,648."

Mr O'Toole: On this one, it's important to realize what you're actually doing.

At the threshold of income that we said you're lowering, the taxable income surcharge, where the surtax actually applies, if you look at it, what this is actually doing is, beginning in the additional tax for 2004, moving it from 36% to 56%. How many people throughout the province of Ontario are really going to get this? It is a tax increase and you are voting for a significant tax increase on those middle-class, hard-working families. I believe the results over the next three or four years—I know this

bill is to get all the tax revenue you can in your first year. But going forward, you're going to have gobs of cash to just flush into the system, and I hope there's more accountability and transparency. Those are the terms you use all the time.

So I hope you'll support this one section. We're not going to go forward with even more tax increases. I'm optimistic at this point; I see a few people starting to smile, but we're doing the best we can.

Mr Prue: I have a question. How many people does this affect? You were the PA. I hope you can answer this. This is what you had planned to do the last time. This was what was in your budget. How many people would this remove from the tax roll? How many individuals does this involve?

Mr O'Toole: I would not presume to know. I would only speculate that each of us makes around \$80,000, or something like that, except the government members. They make \$90,000-something. That's fair. I understand that. I had a decrease in my pay of about \$800 a month, which is fine. It's not fine—but what it does is, they are not exempt from the tax roll, Mr Prue.

What we are actually going to be moving later on—we really had a strategy of saying that anyone under a certain threshold—we thought it was around \$18,000 of taxable income per year. We were going to remove them completely from the tax roll. That's our goal: For hard-working people who are just entering the workforce or whatever, the first \$18,000 will be tax-free. What you're actually doing here is getting more money from the middle-income, the people between \$30,000 and basically \$75,000. Our threshold was going to move to \$80,000. They are not exempt. They still pay tax at the basic tax rate, which I think is about 8% or 9%, provincial tax. They still pay federal tax. In fact, there are more people on the federal tax rolls than there are on the provincial tax rolls. They get you right down to about \$15,000, I think. But if there are ministry experts here who know these numbers—they get paid full-time to do this all the time, for life. I don't. I just do my own income tax. I like numbers. I'm so disappointed here. It's frightening for my five children. Three of them work here in Toronto, one for the city of Toronto; they're not going to be able to afford a rent increase.

Interjections.

Interjection: You shouldn't have done that, John.

Mr O'Toole: Rents are actually decreasing, if you're reading the papers. The vacancy rate is actually increasing; rents are going down. I'm saying the other costs of living, to support the Raptors or whatever—thanks.

The Chair: Any other comments? Seeing none, shall the amendment carry?

Mr O'Toole: Recorded vote.

Ayes

Barrett, O'Toole.

Nays

Colle, Kular, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

The Chair: The amendment is lost.
Shall section 9 carry?

Mr O'Toole: Recorded vote.

The Chair: Shall section 9 carry?

Ayes

Colle, Kular, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 9 is carried.

Section 10: Are there any comments or amendments?

Mr Barrett: We have two amendments with respect to subsection 10(1).

I move that clause (c) of the definition of "lowest tax rate" in subsection 4(1) of the Income Tax Act, as set out in subsection 10(1) of the bill, be struck out and the following substituted:

"(c) 6.05% for each of the 2002 and 2003 taxation years, and

"(d) 5.65% for the 2004 and each subsequent taxation year."

The Chair: Are there any comments?

Mr O'Toole: Yes. Just a quick comment again. It's actually a bit micro-level stuff, but what it's really doing is—we're trying to reinstate—you're moving it to 6.05% for the 2002-03 tax year; we're trying to move it back to the 5.65%. Most importantly here, this income level of taxation is for the low-income bracket. There are three or four different bracket groups where different tax rates click in. This really affects those people earning less than \$33,000.

In fairness, Mr Prue, I understand your argument, and I in many respects support the integrity you bring to the table. This is a case where you could send a signal that for the low-income—and don't take my word for it. There are experts sitting here. These are the very lowest, hardest-working people trying to make our lives better. I would encourage you, if only for symbolic reasons, to look at that tax rate. I don't think there's a huge cost. I'll leave it at that. That's what it's doing. The \$33,000-and-under group; think about it. There isn't some corporate deal going on here.

1050

Mr Prue: Just so I can understand it, those are people who would be in the bottom quintile, probably, and this would further reduce their tax?

Mr O'Toole: Yes, reinstatement [*inaudible*] passed in the last budget, down to this rate. If you read clause (d)

there, it's 5.6% for 2004 and subsequent tax years. You're proposing 6.05%.

Mr Prue: And in your view [*inaudible*] the treasury—and by negligible, I mean less than \$50 million.

Mr O'Toole: I think it probably costs us more to collect it than we get. By the time they do all the analysis of tax filing and transfers, because it's all collected by the federal government, towers and towers of bureaucrats working behind computers that you pay to collect your tax—I don't get it, personally. Why don't they come up with some real policy that helps hard-working people under \$25,000? Take them off the tax roll, period. Then let's deal with the people who actually have a fair chance of survival in the economy—anyway.

The Chair: Any other comments? Seeing none, those in favour of the amendment?

Mr Barrett: Recorded vote.

Ayes

Barrett, O'Toole, Prue.

Nays

Colle, Kular, Marsales, Oraziotti, Peterson, Wilkinson.

The Chair: The amendment is lost.

Are there any other amendments?

Mr O'Toole: With your indulgence, this particular amendment is dealing with the middle-income bracket, which I am going to read now.

I move that clause (c) of the definition of "middle tax rate" in subsection 4(1) of the Income Tax Act, as set out in subsection 10(2) of the bill, be struck out and the following substituted:

"(c) 9.15 per cent for each of the 2002 and 2003 taxation years, and

"(d) 8.85 per cent for the 2004 and each subsequent taxation year;"

That's the end of the amendment. A small explanation: This really affects the income group that I spoke of before, the next level, the next tranche from \$30,000 income to about \$60,000 income. It really moves the tax rate from 9.15% down to 8.85%. On the middle income, I would say the income is something less than \$1 billion. I don't know if there are tax experts here in the room. I see there are some ministry people here, if the Chair wanted to call them. It might be important.

I commend Mr Prue for supporting the low-income group. That's whom they really have the ear of and the voice for, and I suspect we all do. This group here, we're just marginally moving it from 9.15% down to 8.85%. The even broader question is, what is the revenue from 1% of provincial tax on personal income tax? Is that a question we could get answered from staff?

The Chair: I would ask Mr Colle if he has a comment to the question.

Mr Colle: Again, these amendments put forth by the opposition are amendments they've put together. I would

assume they would have had the cost impacts of these before they put them forward. I think the onus is on them to put that information forward.

Mr O'Toole: To Mr Colle, in a respectful manner, I honestly don't know. I used to know a number that at 1% of GDP represented about \$600 million in revenue. I'm not sure of the relationship of 1% of personal income tax on revenue. I think it's a useful number to know, going forward. Would you indulge me? Maybe there are staff here who—it's not meant in any negative terms. Do you mind? There are staff here.

Mr Colle: It's your amendment.

Mr O'Toole: I would ask that the staff—

Mr Colle: You should have that information. Obviously you thought it out.

Mr O'Toole: We're really reinstating. If I was to refer back to our original budget documents, and I have them here, we're reinstating the tax rates in our budget. That really is what this is about. We believe—

Mr Barrett: Very simply, we're not the government any more; you are. We're asking for some information on this scheduled reduction in income taxes that has been known for a number of months.

Mr O'Toole: I guess I could frame this as a different question. You have a bill here that's amending the existing tax rate from 8.85 to 9.15. Can you tell me, with the intent of the legislation, how much revenue it would raise for you?

Mr Colle: As we said at the onset, the financial situation of the province is in such a desperate state, which you left it in, that we cannot afford to proceed with your reckless tax cuts. We're not going to micromanage your former government's tax cuts. We're saying that we reject them all, because the cumulative effect is that they're going to destroy our ability to fix health care and education.

Mr Barrett: Do you have any numbers to back that up, or are you making decisions totally in a vacuum? You're making some very dramatic decisions with Bill 2.

Mr Colle: The dramatic decision is basically not to proceed with your reckless tax cuts. We cannot afford those tax cuts. We have huge deficit numbers to deal with that you left us—\$5.6 billion, not including the OPG deficit. Those are our numbers.

Mr Barrett: And what will the deficit be next year, on March 31, 2004?

Mr Colle: I don't think that's before us right now. We're dealing with this bill.

Mr Barrett: You raised the issue of the deficit as the justification for this legislation. If that issue is not before us now, I question why this legislation is being rammed through so rapidly.

Mr Colle: We are moving this legislation expeditiously because the financial situation of this province is in such dire straits, as you left it, that we have to move quickly if we are to repair the incredible damage you've done to our social infrastructure, our health care infrastructure, our energy infrastructure, our urban infrastructure.

We have a \$60-billion infrastructure deficit on the hard side alone that you left us with and that you did nothing with. We have an emergent situation here that we have to fix as quickly as possible in order to undo the damage you've inflicted on the people of this province. That's why we are not going ahead with these reckless tax cuts and these reckless amendments, which have the cumulative effect of increasing the deficit even more than we have today. We're not going to support that, and that's why we're against this amendment.

Mr Barrett: Very simply, Chair, we're just asking you to have staff from the Ministry of Finance come forward to put some numbers to these deficit and tax-increase discussions.

The Chair: As you would know, the Chair cannot compel them to bring information to the committee. You can ask for it.

Mr Barrett: I am asking, through the Chair—I always respectfully ask through the Chair—the Ministry of Finance staff to enlighten all present.

The Chair: Is there unanimous consent that staff bring forward figures?

Mr Colle: No.

The Chair: I heard a no.

Mr Barrett: I wasn't aware you needed unanimous consent.

The Chair: Are there any other comments?

Mr O'Toole: As we move through a rather sophisticated bill, for new members—and I might include myself in that—it would be worth knowing the value of 1% of personal income tax in terms of revenue. I didn't realize we don't know it, and I think it's a good number for all of us to know. If you are saying, "Every time I do the 1% thing, what's the impact?"

1100

Now you can make the argument that we need more revenue. We heard that from Annie Kidder yesterday. She said there's not enough money in this tax bill to satisfy education. She said that on the record. I understand that, having chaired about four school board budgets. There's never going to be enough money, because all children are unique etc. What I want to know is, what is the value of 1% of personal income tax to the Treasury of Ontario? It's a simple question.

Mr Colle: I implore you to empower the staff to bring that forward for us as members who really don't bring anything more than our worldly experience to the table here.

Mr Wilkinson: The tax system is very complicated, and that question actually belies a certain ignorance of the tax system. We have a progressive system, so to ask, "What would 1% be?" would assume there is a flat tax in this province, which there is not. So I think the question itself is misguided.

I think we need to be very clear that these amendments just make sure we're not proceeding with tax cuts people have not yet received. The basis for being able to do that is because we received a very clear and very large mandate from the people of Ontario, and we would be

remiss in our duties if we did not do that, because the voters choose. Beyond that, all these proposals were sent to the chief election officer, so it's not like the good people of Ontario were not made aware through the appropriate mechanism that we were planning on doing this if duly elected, which we have been.

Mr Prue: There is much in what Mr Wilkinson has said that is correct, and I think I agree with the general direction. However, I do have to say that I find it a little bit troubling not to have some staff here, when members of this Legislature are handed amendments and have to vote on those amendments and are not totally aware of the consequences of the amendments.

I find myself in a very difficult position. I got them this morning. Even if I had got them yesterday or a week ago, I could not have done anything. As you know, I have no research staff. I cannot even ask anyone what this means, other than the staff in this building.

When I get this as I walk into this room at 10 o'clock and have to affix a vote to it, I have to tell you it is very difficult. I would appreciate very much now, and in every subsequent meeting, having someone here from staff to answer to the best of their ability. If they don't know, that's fine. I can understand if it's too complex and staff say it's too complex; I can live with that. But to just vote blindly on all these amendments, either for or against them, is not what I believe I or any of us were sent here to do. I will neither toe the line of the governing party, nor will I always behave in opposition. I try to do what I think is right, and not knowing will not allow that to happen.

So please, Mr Chair and Mr Parliamentary Assistant, if you can't do it today, do it for the next meeting, because I intend to raise this again and again. I have no other way of finding out what these bills and these amendments are, except for what I hear here. I have no staff, and you all know that. I have no staff. That's the decision of the Legislature and of the governing party. I need to know, or my alternative is to vote no to every single thing that comes forward, because how can I know what I'm voting for? I don't want to do that.

Mr Barrett: I recognize the issue of cost has been raised by Mr Prue and by the parliamentary assistant, and as amendments are proposed, they obviously do have an influence on the bill and on the whole system of taxation.

The question is out there. We do have ministry staff present, as I understand, and for us to continue this discussion in the context of cost, we also need to know how much this Bill 2 will cost taxpayers. It's a very brief question. If we could get a thumbnail sketch from staff—now I've chaired a standing committee for eight years, and I am not aware of the need to have all-party support to ask a staff person present a question.

The Chair: I would ask Mr Colle if he has a comment on the questions raised.

Mr Colle: Again, the movers of the amendments were the Conservative Party, who are basically moving amendments they had in their own tax bill that they voted on. Those cost figures, those numbers were available to

them when they made these amendments. They can bring forward those figures as much as they want, and they're more than free to do so. I'm sure you have those numbers available. You voted on these bills. At this point, as I said, we are not proceeding with them because we feel they're not fiscally prudent. So you have the information, you've done your own analysis, you've put forth a motion; give us your numbers and what you based your motions on.

Mr Barrett: I'm certainly not in the dire straits of Mr Prue, with respect to research staff, but quite clearly this bill was time-allocated. We know from the delegations yesterday that they had very, very short notice. They were very rushed and a number of them did not have the time to prepare. Again, I ask the question, what is the reason that the staff would not be able to give us a bit of an overview or a thumbnail sketch of the impact of this legislation and its cost to taxpayers? I'm not sure why I cannot ask staff to answer that question.

Mr Colle: I've answered that question.

Mr O'Toole: In a broad description, we are trying to set some ground rules. This is really the first formal committee, and in fairness, it is where members do bring good work to the process, and part of that is questioning amongst ourselves and your own caucus trying to find some kind of accommodation, however small. I can recall in government where we did adopt opposition amendments. We may have even recessed for a few minutes to sort of run a caucus on it, but we did.

This is a case where, in my view, the election was about increasing taxes. I understand that. People kind of went along with it, and good for you. But I don't think that in this bill people were given enough notice, nor do they know the implications on personal income tax, what these hikes are; you don't know, I don't know. We know in our budget—and I can only put to you that for the personal income tax surcharge our cost estimate was about \$100 million. We've already talked about the surtax. It's troubling that the government has tabled legislation without acknowledging the cost to taxpayers.

In the broadest sense, I'm disappointed, because you time-allocated this. There wasn't a thorough analysis, and there wasn't appropriate time or notice given, even to the presenters yesterday. You want to give the appearance of public hearings. We know clearly that Jack Mintz, a professor at the University of Toronto, a brilliant commentator on the economy both locally and internationally, did comment that he was rushed to adjust his schedule.

What we're saying here is, in fairness, the democratic process that's occurring here—and Mr Prue has made the clear appeal to all of us that you haven't given them party status, therefore you haven't given them any resources to analyze these complex pieces of omnibus tax bills—that's what I call it: omnibus 1.

I guess we're at a bit of a stalemate here, Mr Chair, unless you want to exercise some of your democratic rights to act impartially and to request that we be given some information on the implications of some of these,

what we consider in this whole bill. We do have some numbers at a macro level: It's a \$4.1-billion tax hike. I'm prepared to file that information with you. We've done analysis of the personal income tax and the corporate income tax. We see the corporate income tax as \$2 billion, and we could go on. It's a fair question and it's early in the debate. We have Mr Baird, who's eminently qualified to add to what's already been said.

Mr John R. Baird (Nepean-Carleton): I just had a question. I had asked Mr Sorbara questions yesterday with respect to low-income earners and with respect to the tobacco tax. He promised that he would get back to us. I wonder if that information has been filed with you, Chair?

The Chair: No, it has not.

Mr Baird: Could I ask the parliamentary assistant? Mr Sorbara had promised to get us information with respect to the tobacco tax and with respect to low-income earners. He promised me and the committee that he would. Do you have that information?

1110

Mr Colle: I'm not aware of the request. Where did you make the request?

Mr Baird: Right here in committee, when he was here yesterday.

Mr Colle: We'll follow up on that. I think we have it.

Mr Baird: My question, just to refresh your memory, was that he said the rationale behind the increase in tobacco tax was to reduce consumption. I just wanted to know how much he had budgeted for in terms of—

Mr Colle: Chair, we're not on that section.

Mr Baird: I've got the floor. I'll yield the floor if you'd like to give the information.

Mr Colle: Let's deal with one clause at a time here and then let's—

Mr Baird: I have a question. We may not have debating time for the later clauses.

The Chair: We are on section 10.

Mr Baird: Could you table that information you have there?

Mr Colle: Yes, I have it here.

Mr Baird: Could you table it with the committee?

Mr Colle: Yes.

Mr Baird: Right now? Thank you.

The Chair: Further comment?

Mr Wilkinson: I find it interesting because there seems to be this question about what this is going to cost. What we are proposing in this bill is to tax people at exactly the same rate that the previous government taxed people at for this year. So it seems kind of odd.

Mr Baird: The education tax credit—

Mr Wilkinson: I thought I had the floor, Mr Baird.

I find it interesting because the opposition members are here and they're asking for all this information. My understanding is that they've never asked for any briefing on this bill, and this bill has been up for quite a few days, so it's not like we just introduced it this morning. Now they're asking us to cost their amendments in less than one hour. I really wonder whether this is obstructionist.

Mr Baird: Maybe we should just leave. You can do anything you want.

The Chair: Any other comment?

Mr Peterson: Hear, hear.

Mr Baird: Hear, hear?

The Chair: Any further comment? Seeing none, shall the amendment carry? All those in favour?

Mr O'Toole: Recorded vote.

The Chair: We are voting on the amendment to section 10.

Ayes

Barrett, O'Toole.

Nays

Colle, Kular, Marsales, Orazietti, Peterson, Prue, Wilkinson.

The Chair: The amendment is lost.

Shall section 10 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Orazietti, Peterson, Wilkinson.

Nays

Barrett, O'Toole, Prue.

The Chair: Section 10 has carried.

We move to section 11. Are there any comments? Seeing none, shall section 11 carry? All those in favour?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Orazietti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 11 is carried.

Are there any amendments to section 12?

Mr O'Toole: I have an amendment to subsection 12(3) of the bill, subsection 8(15.5) of the Income Tax Act:

I move that subsection 12(3) of the bill be amended by striking out "January 1, 2003" in the third line and substituting "January 1, 2004."

Just to comment on that, this is really the clause that's affecting the education tax credit. I appeal to you on this one, single change, on which you heard from every presenter, from the B'Nai Brith, C.D. Howe, the Canadian Federation of Independent Business, the Canadian

Jewish Congress, Children First: School Choice Trust, the Islamic Society of North America, the Ontario Alliance of Christian Schools, the Ontario Campaign for Action on Tobacco, the Ontario Association of Jewish Day Schools, and People for Education I think also supported this.

This addresses the retroactivity clause. Recognize that what you're doing is a very slippery slope of going down the road and saying, "OK, people made plans in their lives," and all of a sudden retroactively, which had passed, by the way, you're going back and clawing that. It actually was portrayed yesterday as being—well, they were less than complimentary about what they said. It was "mean-spirited," as I recall one of the presenters said. I'm not trying to be smart here.

Mr Colle, I implore you personally, as the leader on that side over there. This is the retroactivity clause. I think you'd be doing yourself a great justice to amend that section of the bill alone. We may even support you, because you were elected. We respect that. This retroactivity thing is a bad approach that you're starting. If you get away with it this once, what is next?

Tim, you of all people, with a financial background, should know that retroactivity in an investment climate is a very, very bad signal. It's not huge. It's more symbolic than of any consequence of this to the treasury of Ontario.

I urge you to support this bill and discuss it.

Mr Baird: I came in particularly to debate this amendment being presented by my colleague the member for Durham. We certainly had an election campaign, and this issue was a substantial source of discussion during that campaign. I disagree with the decision of the government to bring forward the legislation on this issue.

I take this issue very, very seriously. I look at the government members on the committee and just implore them to perhaps give some pause and reflect on, is it fair to retroactively raise someone's taxes? A lot of families have made some really big decisions, for them—working people, people with low and modest incomes.

I'll just give you a few examples, if I could. There's a Christian school in Metcalfe, Ontario, in my community. The parents actually go in on Saturday mornings. They have a duty roster and they clean the school themselves. They can't afford to have a janitor. The school has about 60 students and it's just not something that they can afford.

If you go into the staff room at that school: One of the teachers brought in the refrigerator when she got a new refrigerator. If you look at the repairs that are done on the school roof, you'll find two or three of the parents will do it themselves on a weekend. A lot of these families have done without a second car. They'll do without a family vacation to afford to send their children to a religious school.

Mr O'Toole talked about the presenters yesterday from B'Nai Brith, the Canadian Jewish Congress and others who talked about the retroactivity of this being a real concern and a real hardship. Yes, definitely, people

heard that the official opposition of the day was against this bill and was likely, if they were elected, to retract it—fair points. Most of you I assume campaigned on that and think it's a fair and logical outcome of the election campaign, and I don't dispute that.

One of the things, if you've noticed, in the House—I don't mean this as any commentary with respect to the third party—we have really tried to do things differently in this House. I can recall long conversations with Mr Duncan, the government House leader, "Could we operate things differently?" when I was the House leader and he was the opposition House leader. I think we've really tried to do it. The programming motion that we had is really unprecedented in any Parliament in Canada and it demonstrates that we're really trying to be a more responsible opposition, to put aside some of the politics. I'm pleased with that. I think it reflects well. Someone whom I respect called it a very mature decision on both sides. Frankly, the government gave a lot. We got an opposition day. We got more time to debate bills that were important to our constituents. We got these committee hearings, which didn't often happen. I think last time, we probably each got the government and the opposition we deserved. We are trying to do things differently.

1120

This is a really great signal each of you can send that these committee hearings matter. It's a small change in the big picture of things. This is a pretty significant bill for a lot of families. This is an opportunity where each of you—Mr McGuinty said time and time again that he wanted to free up his caucus members to do things differently. In fact, I think the party discipline around here on all sides—there have actually been fewer interventions by opposition members against their own leader's position than there have been from government members. So it's not just the fact that government members always fall behind the cabinet; opposition members always fall behind the Leader of the Opposition. That's been my experience here for eight years, on both sides.

This is a powerful opportunity that I think each of you have, to say, "You know what? We went through these hearings. Yes, the government is going to get 99.9% of what it wants, but on this one thing...." We listened to the hearings, we listened to Bernie Farber from the Canadian Jewish Congress, we listened to Joseph Ben-Ami's presentation from the B'Nai Brith, where they expressed real, substantial concern over the retroactivity of this. I just implore members to think about supporting it. It is a bit of a push-back, but it's not that substantial an issue. Frankly, I think it will look good on the government. I think it will look good on this committee. I think it will look good on parliamentarians. We did the programming motion, where the opposition is really working constructively with the government. This would show that these hearings mean something; that it's not just a matter of going through the motions, listening to all the people and saying, "We're not going to change a thing." I really want to implore each of you to think about supporting this motion.

Mr Colle, I know you have a substantial number of Jewish families in your community who are supportive of this change. I know your constituency perhaps better than other members. There may be a Christian school in Perth-Middlesex.

I'm going to commit that if this motion does pass, it will show that it's a big victory for Parliament, that we actually listened to a presentation that came before us here. This is important to these families. I don't have a personal interest in it. We all make at least \$85,000 a year, so 500, 1,000 or 2,000 bucks, depending on how many kids you have, ain't a lot of money, but, boy oh boy, when it's that last—once you've paid the rent, once you've paid your taxes, once you've bought clothes for the kids, once you've bought food and paid your utilities, you don't have a lot left if you're a young family.

I just really think this would a powerful message to the rest of the Parliament that these committees can really mean something. That will reflect well on all of us. It won't be, "Oh, we got them to back down." I certainly will commit never to say that, but that it was a good day for this Legislature. We're going to have an opportunity with this motion, with this vote on this amendment brought forward by Mr O'Toole, to set a good start for this Parliament. I think we've done it in the House with that programming motion and attempted co-operation. We're working well with Mr Bisson and members of the government on the Board of Internal Economy, at least we're trying to, and that's setting a good stage. I think this would send a really powerful message to all of us, as members, that these committee hearings mean something. I implore you to give some thought to it and say, "You know what? We'll just give a little push on a little issue."

You see this in the House of Commons quite often, where you actually have members of the government vote against legislation. I think of the endangered species act that was before Charles Caccia's committee, where a number of Liberal members actually voted against the whole bill. I'm not asking you to do that; I'm not expecting you to do that. I'm honest enough to tell you that I never did it. But here's a small area where I think there's a meaningful opportunity for us to say that these committee hearings, over the next four years, will mean something. I really ask all of you to think about supporting this resolution—you may not like the equity in education tax credit, but to say that we won't cancel the credit two weeks before the end of the year and go retroactive 11½ months.

I'm really excited about this. I feel important about it. We didn't have this scheduled. We talked about it in debate in the House, but the presentations from the Jewish community, the Muslim community and other parents' and Christian groups were powerful. You're going to get 99% of the bill. We've even allowed, as the official opposition, that, with no debate, you're going to have a vote on it, instead of having days and days of time allocations and bell-ringing. Could you give us this one half of 1%, not just for these families but for the sake of

the institution? I think we'll all look good, and I beg the consideration particularly of members of the government to support this resolution. It will look good on this institution and it will look good on you.

The Chair: Further comments?

Mr Prue: I have to tell you from the outset, and I think most of the members here will know, that I did not support and I will never support the equity in education act or anything like it that funds private schools. As a New Democrat, as a person from Regent Park, I can never support that kind of school. I think everyone deserves a decent and fair public education, and the money needs to flow to our public education system.

Having said that, I must admit I have some considerable difficulty with retroactivity in this bill. I have considerable difficulty with retroactivity in any government bill, in any law. The fact that it does not exist very often in our parliamentary democracy, either in Ontario or Canada, is with good reason. I can think of only a handful of laws in the last 20 years, either in Canada or in any of the provinces, that are retroactive in any of their provisions. That is because people need to understand the law on the day that they are making decisions and they need to understand the law so that they do not contravene the law. You cannot come by and say—as in the War Measures Act, it was against the law to be a member of the FLQ on the day the law went in, not retroactively, so people could have an opportunity to quit if something was suddenly seen to be against the law. This is not as dramatic as that, but that is a very good example.

This is a group of people who went out and made a decision and spent their money on something which I do not support. I think they would get better value in the public education system, and I'll put that right upfront, but they spent their money and they expected a return on it.

I have considerable difficulty in retroactivity. I would ask the members to continue what you're doing in terms of not funding private schools. I think that's a good decision, but that should be effective on October 23, or January 1, 2004. It should not be retroactive. I know you campaigned on doing away with the private school tax credit, but I didn't hear at any time during that debate that it was retroactive. I never heard Dalton McGuinty, I never heard any of you, I never heard my Liberal counterpart in Beaches-East York, once say that it would be retroactive to the beginning of the year. They all said they would do away with it, as I did. As I knocked door to door, I said that was one of the things I would do away with, and had we formed the government, I would have done so on October 23, either for that day or for January 1, 2004.

I am going to support this motion, not because I believe in equity in education but because I believe in fairness to people who made rational decisions.

Mr O'Toole: Both Mr Prue and Mr Baird—I could not add anything more substantive to what Mr Baird said. I just make one further concession. We have another amendment to section 13 which is far broader than this.

As a sign of acquiescence on our part, I'd be very happy to remove that amendment, which is really contradictory to our policy position on the equity in education.

I think Mr Baird said it all, and Mr Prue summed it up very nicely, saying this is about sending the right signal for tax fairness. I don't know what staffer put in the retroactivity clause but I sure wasn't any of the members of the Liberal caucus I've grown to know over the last eight or nine years. I know them to be honourable people. We may have differences, we're going to have differences, but that being said, it's up to you now, when the vote is called, to look at this one clause for this few-month period where for the first time in Ontario's history you're going to retroactively affect people's lives. That's purely a matter of fairness.

I commit to you that I would not acquiesce—I think it would show genuine leadership and compassion from the now Liberal government. If you fail—this is not a threat—I believe it will be a nemesis for you, however small. I'll leave it at that. It's not said as a threat; it's appealing to you to be, in the first instance, fair, and Mr Prue said it all; it's fair for people who may even have supported you. After all, you are government.

1130

The Chair: Further comments? Seeing none, shall the amendment carry?

Mr Barrett: Recorded vote.

The Chair: A recorded vote is requested.

Ayes

Barrett, O'Toole, Prue.

Nays

Colle, Kular, Marsales, Oraziotti, Peterson, Wilkinson.

The Chair: The amendment is lost. Shall section 12 carry?

Mr O'Toole: Recorded vote.

The Chair: A recorded vote is requested.

Ayes

Colle, Kular, Marsales, Oraziotti, Peterson, Wilkinson.

Nays

Barrett, O'Toole, Prue.

The Chair: Section 12 is carried.

We move to section 13. There is a motion before us on section 13. I would like to ask those who put forward this motion—this motion is related to the motion to amend subsection 12(3) of the bill. That motion was defeated. This motion is not needed. As we just—

Mr O'Toole: No, no. A clarification, through you, Mr Chair. My understanding is, we felt the amendment that was just defeated by the Liberal stonewalling would not

look at the retroactivity condition. What this actually does is look at the whole section of the equity in education tax credit. In fact, it strikes out that section completely. It's subsection 13(1), if you look at it, and that is repealing the original equity in education tax credit. I think it is in order.

The Chair: This amendment is not in order because you cannot strike out a section.

Mr O'Toole: Well, we will have to make a statement on the record here that the intent of this amendment—

The Chair: It would have—

Mr O'Toole: If I could, with your indulgence, the intent of this amendment was to cancel the government's intent to eliminate the education tax credit, and that's the record. You've ruled it out of order. I'll take the word of the clerk, because they are professional, objective people. Politically, I've done what I have to do, because I support parental choice in education. I guess there's still a motion on it, so we'll go on to section 14. They'll all go through now, Mike. You're going to get 100% of what you set out to do.

The Chair: We will now vote on the section. Shall section 13 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Orazietti, Peterson, Wilkinson.

Nays

Barrett, O'Toole, Prue.

The Chair: The section is carried.

Section 14: Are there any questions, comments or amendments?

Seeing none, shall section 14 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Orazietti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 14 is carried.

We're now on section 15. There is an amendment to section 15 that is similar to the amendment to section 13, whereby you're trying to remove a whole section of the bill. It is out of order.

Mr O'Toole: Out of respect for the intent of this motion, just to have it clearly on the record, I understand that this section of the bill eliminates any tax relief for seniors—persons on fixed incomes. It's a fault in the bill. There has to be some mechanism to allow seniors on fixed incomes—those on fixed incomes—to stay in their

own homes. With the ever-increasing pressure of municipal taxes, this was our attempt, and we're sticking by it. It's been ruled that this is not in order. We understand that; perhaps it's our drafting. But this bill has been crafted in such a way that it's almost antidemocratic. That's for the record. You have given the NDP absolutely no resources to analyze this and come up with creative ways to improve the bill.

The Chair: Mr O'Toole, speak to the amendment.

Mr O'Toole: I am. The section I'm talking about, section 15, was our attempt to provide some small, minor relief from tax for persons on fixed incomes, and you're voting against seniors—your grandparents. I feel badly for you. May you live to regret it.

Mr Barrett: Section 15 is very important. There are well over a million senior citizen households in the province.

Mr Colle: Are they challenging the Chair? I'm not sure what this discussion is about. Is it a challenge of the Chair? You've ruled, Mr Chair.

The Chair: This motion is out of order.

Shall section 15 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Orazietti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 15 is carried.

Mr Wilkinson: It's interesting to see that there was nothing done for seniors for the last eight years while they were in government.

The Chair: We move to section 16. Are there any comments, questions or amendments on section 16?

Mr O'Toole: I have a question for clarification—we have no amendment on this. What this section does is increase the threshold for a loan, which is cash flow really. I'm wondering, what is it today and why are you increasing it? It's my understanding that it's about a \$2-billion increase in the loan limit. Is there anybody—the government should know that; the PA to finance or staff. It's a point of clarification on section 16, the Ontario Loan Act, which entitles the line of credit to spend more money.

Mr Wilkinson: The minister was here yesterday.

The Chair: Through the Chair, please. Is there a response?

Mr Colle: It's basically routine procedure. It's exactly what the previous government and governments before have done. In essence, it's to enable the government to do its day-to-day business. Again, it is totally normal to ensure that government can proceed with its day-to-day activities.

1140

The Chair: Any further comment?

I remind members that section 16 is set out in schedule A at the end of the bill. We need to carry schedule A prior to carrying section 16. I would ask for a motion to move schedule A.

Mr Wilkinson: So moved.

The Chair: Mr Wilkinson has moved schedule A. Shall schedule A carry?

Mr O'Toole: Are there questions or comments on that section? I have a question.

The Chair: Mr O'Toole.

Mr O'Toole: I remember that when we were the government, we passed rather routine business to meet payroll commitments etc. This was passed by cabinet and not brought to the House. This amount of borrowing, \$7.1 billion, is being done behind closed doors, shall I say. It is authorizing \$7.1 billion to flow into the consolidated revenue fund with no accountability, no transparency. I'm going to be voting against schedule A. Even though Mr Colle assures me it's routine, it's anything but routine. It's increasing the amount of the slush fund in the consolidated revenue fund. That, for the people of Ontario, is one more lack of control or public debate or consultation.

The Chair: Any other comment?

Seeing none, shall schedule A carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Kular, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Schedule A is carried.

Now we can go back to section 16. Shall section 16 carry?

All those in favour? All those opposed? Carried.

Mr O'Toole: Mr Chair, with your indulgence, I'd like to acknowledge in the audience Mr John Sewell, who has served as a great advocate for the city of Toronto in the megacity debate and other debates, and formerly as mayor of Toronto. He sent a rather hastily drafted letter—I've just read it—dated December 10. Really, what he's saying is that it's short notice and a failure to have full public disclosure and discussion on Bill 2. I just wanted to acknowledge, as a courtesy—he's probably not agreed with one thing we did, but he's here, and I think it's important to take note of that for the record.

The Chair: Thank you, Mr O'Toole. Members can read the submission. I'm told that everyone should have a copy.

Mr Prue: Mr Chair, I know it's probably not going to pass, but I think, given the circumstances—this was the first meeting, there was 18 hours' notice—he has

something unique to offer and to say, which was not debated or brought up by any of the other deputants. I would seek the Chair's and the committee's indulgence and ask that he be allowed to speak, either now or this afternoon.

Mr O'Toole: I support that motion.

The Chair: Is there unanimous consent for Mr Sewell to come forward and give his presentation? Agreed.

Mr John Sewell: Thank you, Mr Chairman. I have three brief points that I outlined in my letter respecting the bill. I very much appreciate having the chance to speak now.

One is the name of the bill: I really believe that it's time we got out of this, as I call it, odious practice that was established in the last seven or eight years of putting political tag names on bills. I think we should start to get back to generic, descriptive names on bills. I think it would be good for all of us to do that. This is the first important bill the government is bringing forward. I think they should get it right. I don't think we should wait until 10 or 15 bills down; let's do it now. Let's just get a nice, reasonable bland name on the bill.

The second thing is that I'm very disturbed that the practice, again, that Mr Harris and Mr Eves followed of jamming all sorts of unrelated issues into one piece of legislation has been done here. I understand the problem: People want to act quickly, these are minor issues, and on and on. It's an awful practice. Under the Conservatives, it led to a substantial limitation of debate by members of the Legislature and an inability to focus on what the issues really were. We're dealing with legislation. While I understand why the government wants to proceed—and some of these are considered technical, small, non-debatable issues, as it were—I really believe that it is a very bad practice to put unrelated issues in legislation. Until the last seven or eight years, it rarely happened.

The third point, of course, is the process. I think it's absolutely imperative that people are notified of legislation and are given an opportunity to speak to it. I believe input from the public will help the government. It won't hurt the government; it will help the government. I believe that people from the public are just as informed about issues—maybe more informed—than those who are elected. So the more opportunity you have to hear from people, I think, the better your legislation will be.

I, like many other people, see this as a new era, a very hopeful era. Good things can happen; I have no question about that. But we're going to have to have a good process to do it in. I think we should start out in a reasonable way. Thank you very much.

The Chair: Thank you, Mr Sewell.

Interjection.

The Chair: You would have to put that in the form of a question.

Mr O'Toole: I would just say that I first commend Mr Prue, who is arguing for the voice of democracy, as Mr Sewell is—

The Chair: Do you have a question?

Mr O'Toole: Yes, I do have a question. My sincere question here is, the idea of this being an omnibus bill—

The Chair: Mr O'Toole, the committee hasn't been empowered to ask the deputant any questions.

Mr O'Toole: They haven't?

The Chair: I need guidance.

Mr O'Toole: This is one more—it makes the point that Mr Sewell has taken the time to make. It's not a democratic process. It's business as usual.

The Chair: I am at the will of the committee, and we have not determined whether there would be time for questions.

Mr Colle: There is no objection on this side if he wants to ask a question pertaining to the presentation.

Interjections.

The Chair: One at a time, please. If you put up your hands, I will recognize you. Mr Prue.

Mr Prue: I would move that all parties in the committee be given a two-minute opportunity to ask questions of Mr Sewell.

Mr Colle: I said, no problem.

Mr Prue: No, that's what the Chair wanted. He wanted a formal motion, so now you have one.

The Chair: Is there unanimous consent? Thank you.

Mr O'Toole, you have two minutes.

Mr O'Toole: Thank you, Mr Sewell. I will be as compact as possible. Let me just read for the record, in the form of a question:

"Sadly, Mr McGuinty's new government seems to be following that tradition in not allowing reasonable notice of legislation nor providing reasonable opportunities for the public to express their views on it. It would seem to me this idea should be at the top of the democratic agenda."

1150

That's what they ran on, this "new hope, optimism, time for a change," all this kind of blah-blah-blah stuff—high-level rhetoric, in my view. You believe that if they don't listen to you today—fortunately, it was Mr Prue that gave you the opportunity to speak. The government did not allow that. They just sort of acquiesced to our request. It was Mr Prue, I must say that.

Do you believe that, unless they listen to you, these omnibus bills and the closure and time allocation motions—do you see the very treacherous nature of this, though? The very treacherous nature is the retroactivity clause in here, slipping that in. There's a retroactivity clause and, furthermore, the one thing is, they have to have this bill before they recess next week. They have to have it because the bill would not come into effect until it's passed and if we can delay it until after January 1, it's a major defeat. So it's time-allocated; it's squeezed into a box. They never intended to consult. It's all been a sham, this whole last two days. You're included because they didn't give anybody time.

That's a question: Do you think this is real democracy by the McGuinty government or not?

Mr Sewell: I think that the kinds of practices your government established are odious and have caused very

bad precedents to build on. You've given an interesting speech, but I don't believe there are any real values behind it.

I happen to think that this is an opportunity to move ahead and I wanted to have the ability to point out that these are areas that they should be moving on quickly, and doing these things. But I don't happen to think that the democratic agenda they talked about is a blah-blah-blah agenda. I think it's a reasonable one and it should include these points. I'm delighted that I was able to speak to the committee today.

Mr Prue: Just a very short statement and then one small question. The committee does fairly good work—at least, I hope it's going to do some good work. But the problem we have in this particular committee, or at least the problem that I have seen today, is that there is very little by way of staff backup to explain what is contained within the bill or within the amendments. You are not speaking directly to what are the contents of the bill, although you are speaking to the process of the committee.

In that vein, do you foresee, if the committee is ever going to be relevant and listen to what the public has to say, any need to expand the amount of information made available to committee members and, in particular, to members such as myself who have no research or staff budget?

Mr Sewell: I do. I think the really key thing in this bill is the repeal of the Conservative measures that were brought forward. I don't think you need a lot of explanation about that. I think that's something the government has a clear mandate to implement. I'm not quarrelling with that part of it at all. I might not quarrel with any parts of it, but I agree that, on the other parts, I don't have very much information. I don't know what it's about.

I believe that if you start to separate out these bills so that each bill deals with a subject, then you can in fact start to get reasonable amounts of information on it. I understand the government's need to push ahead quickly on the repeal of the tax measures, and I don't quarrel with that. As I say, I believe there's a clear mandate to move on that quickly. If that was in a separate bill, I might even think you might not have to have hearings on that because there was an election on that very issue. So I'm not quarrelling with that.

For the other parts of it, though, I think you need separate bills so you can actually see and the public—I've argued very strongly in one of my recent books that one of the great traditions we've had in Ontario are white papers for legislation, so you actually get to see why the government is doing something. It doesn't have to take a lot of time. We've got the Internet now. You can do stuff really quickly. I believe that would be very helpful for everybody.

Mr Chairman, just a last point: I believe members of the public have terrific ideas. They've got to get before the committees. They will inform you, the people who are here. I think it's a tragedy that the Conservatives

decided they had all the answers and they didn't want to hear from the public. The more we can start to get back to saying, "How do we engage the public? How can we make sure that we're informed by them?" the better government we're going to have here in Ontario, regardless of party.

I want to make those points very strongly. This is the start. Hopefully, it's the start of new change, of looking at things in a different way. Let's get off of those, in my opinion, odious practices that the Conservatives introduced and that we've been stuck with. There's no need to go along with them. Let's start right off in a good, clean, fresh way.

Thank you, Mr Chairman. I appreciate that I could be heard.

Mr Colle: Mr Sewell, thank you for your presentation. I will ensure that your presentation and your sentiments go forward in a meaningful way, if not through the democratic renewal efforts that were underway through Caroline Di Cocco, the member from Sarnia-Lambton, and Mr Bryant, but I will certainly bring it up in our caucus also. I appreciate your coming forward.

Mr Sewell: Thank you very much.

The Chair: We will move to section 17. Are there any questions or comments or amendments to section 17?

Mr O'Toole: On this section here I just think there's a number of retail sales tax—I have put a question more than an amendment, if it's permissible.

In this section here I wasn't certain when I read the explanatory notes here at the beginning, and I'm still not, even though I do take time to read these. This retail sales tax applies to energy-efficient appliances. You've got an energy bill in another committee. This goes to substantiate what Mr Sewell was saying, although I disagree with many of his points of view.

There's a bill on electricity, the freezing of the rate, but really that policy is being fragmented here. What this does is extend the retail sales tax that we had put in place on energy-efficient appliances. I think it doesn't go far enough. That's the problem here. I'm not seeing a comprehensive policy development on energy conservation. So it's fragmentation here, and in another bill, where it should have been dealt with. These are the strategies to bring some control into consumers' hands.

I agree with this section. This is where it's really an anomaly for me. But it's such an omnibus bill that, like Mr Prue has said and Mr Sewell has said and many of the presenters have said, it's been hastily drafted. It's been an inconvenience to the people like Mr Sewell and others who wanted to comment substantively. Here's a section where I agree. In all these tax measures, I agree with this one. I believe that any energy-efficient appliance should be free from all tax. I think, if I look at some of your strategies going forward on solar power and wind power, tax policy should be handled in a separate bill dealing exclusively with the strategy to allow consumers to arm themselves to deal with the rising cost of electricity which you have in another bill.

I think this in itself is a very, very important debate. Energy conservation and tax measures that incent that, whether it's on the generation of electrons or the consumption of those electrons, is something that's really out of sync with this entire bill, which is really a tax hike. Every one of them is raising taxes. This one is actually reducing them and giving consumers power. So I'm perplexed.

We're almost going to recess, because it's 12 o'clock. Maybe we can vote on this section after, because I'd like to talk. I want to support this. I'm serious.

Mr Colle: Move section 17 right now.

Mr O'Toole: I'd like to consult so that I am not kicked out of my caucus. Do I have to cross the floor and become an independent?

The Chair: Shall section 17 carry? Carried.

Now the committee will recess until following routine proceedings.

The committee recessed from 1158 to 1549.

The Chair: Order. The standing committee on finance and economic affairs will come to order. Prior to the recess, we had just completed section 17. We're now going to discuss section 18.

Committee members, I'm ruling that amendments 10 and 11 are out of order. These motions have the effect of raising the taxes payable on a category of tobacco products. Therefore, they can be characterized as money bill motions. Pursuant to standing order 56, money bill motions must be proposed only by a minister of the crown.

Are there any comments on section 18?

Mr Prue: I fully realized at the time this was submitted that this may be problematic, but I did so in an effort of good faith, because I think the speaker who came here from OCAT, the Ontario coalition against tobacco, made a very good point that I think the government ought to look seriously at. I understand that only the minister can do that, but I offered this up in good faith.

I would hope that the parliamentary assistant might take this back to the minister for two reasons. The first reason is that it will increase the revenue, and we all need to do things that will increase revenue to government, especially in these trying times when the government finds itself so deeply mired in debt, not necessarily of your own making—I'll be very blunt about that.

The second reason is that it is problematic to me that tobacco is being sold in this way and that the number of people making roll-your-own cigarettes is increasing from 8% to 11% in a very short span of time. That is predominantly, I believe, among the young, who are finding that this is a way of somehow paying less money for the tobacco products and, in effect, getting hooked just as surely as if they had store-bought ones. It would go a long way, I think, to stopping this particular sale of tobacco, every bit as much, and possibly more, than the tax that is being imposed.

I was also mindful of what has happened in Alberta: A \$2.50-per-carton increase showed a 24% reduction in

tobacco usage. Surely that must be one of the goals of this government, and if it isn't, it should be.

Having said that, I am mindful. I will abide by the Chair's decision because it is one I unfortunately had anticipated. But I still think it would make good policy.

The Chair: Mr O'Toole, did you have a comment?

Mr O'Toole: Yes, I did. Thank you very much, Chair, for the opportunity to put on the record that with the time allocation motion that we're dealing with on Bill 2, there was, as has been said in many forums—publicly and even in the House today—a diminished amount of time in notice to various stakeholders with the ability to put their concerns on the record. This is one more case of an anti-democratic approach to passing omnibus bills, rolling up a huge number of tax increases—in this particular section.

I spoke today with members of the community that grows tobacco. They promised in pre-election that they were going to increase taxes, which this section does; it increases the tax on cigarettes. It's probably a good thing from the point of view of health. But you also promised an exit strategy for the tobacco growers in Ontario. I know you, Mr Hoy, have advocated long and hard for the agricultural community and, as Chair, I know you have a detached role here other than just procedures. They spoke to us today about their general sense of alarm at being silenced by the undemocratic nature of this bill. I want that to be on the record.

I know Mr Prue's motion wasn't necessarily something that I would have supported, but the debate was important, and it has been silenced by your inability to allow the voice of the people of Ontario, from different points of view, to be heard. That should be on the record, and it is now.

Mr Colle: I'll just comment. I'll assure Mr Prue that I will bring the information forward to the minister's attention, as expressed in these motions that he put forward, and we'll certainly get more background information from Mr Perley on the points that he made before this committee.

Mr Wilkinson: Just for the record, our ability to deal with this bill is settled under the program motion which was unanimously agreed to by the opposition.

The Chair: Any other comment?

Shall section 18 carry? All in favour? Opposed? Carried.

Now we move to section 19. In regard to section 19, motions number 12 and number 13 relate to motion 7, which was defeated this morning. Any questions or comments?

Mr O'Toole: Just briefly. You would know, Mr Chair, that we had moved paragraph 4 of subsection 19(2) to be struck out. More or less, we felt, as complementary amendments, as you said, they're at this point out of order. Once again, the time permitted and the very omnibus nature of this bill make it very difficult to untangle the numbers. Also, we've heard today in the discussions that even the finance PA was unable to respond to a simple question of what would 1% in personal

income tax result, in a general average—we didn't need an absolute number because none of your numbers are absolute, including the 5.6 number that you use all the time. I just think it's unfortunate that this can't be untangled, and it's procedural. I appreciate and will respect the ruling that you and the clerk have made.

The Chair: Any other comment? Seeing none, shall section 19 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Marsales, McMeekin, Oraziotti, Peterson, Prue, Wilkinson.

Nays

O'Toole.

The Chair: Section 19 has carried.

Section 20: Are there any comments, questions or amendments? Seeing none, shall section 20 carry? All those in favour? Opposed? Section 20 has carried.

Shall the title of the bill carry? All those in favour? Opposed? Carried.

Shall Bill 2 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Marsales, McMeekin, Oraziotti, Peterson, Wilkinson.

Nays

O'Toole, Prue.

The Chair: The bill shall carry.

Shall I report the bill to the House? All in favour? Opposed? Carried.

SUBCOMMITTEE REPORT

The Chair: If the committee would permit, we have a subcommittee report on committee business. The clerk is handing it out to each of you, if we could deal with that at this time. Is there anyone who would want to move this into the record?

Mr Colle: I will so move.

"Standing Committee on Finance and Economic Affairs

"Subcommittee on Committee Business

"Report of the Subcommittee

"Your subcommittee met on Monday, December, 8, 2003, to consider the method of proceeding on Bill 5, An Act to temporarily freeze automobile insurance rates for private passenger vehicles and to provide for the review and regulation of risk classification systems and automobile insurance rates for private passenger vehicles, and

recommends the following, subject to the bill being referred by the House to the standing committee on finance and economic affairs:

"1. That the committee meet in Toronto on Monday, December 15, 2003, to hold public hearings on Bill 5.

"2. That members of the subcommittee provide the committee clerk with lists of who they would like to appear as witnesses by Thursday, December 11, 2003, at 4 pm.

"3. That the government and the official opposition be allotted six selections each, and the NDP member four.

"4. That the witnesses be allotted a maximum of 15 minutes in which to make their presentations and answer questions from the committee members.

"5. That the research officer prepare a summary of the proposed amendments heard.

"6. That the amendments be filed with the clerk of the committee by Tuesday, December 16, 2003, at 9 am.

"7. That the committee proceed with the clause-by-clause consideration of Bill 5 on Tuesday, December 16, 2003.

"8. That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements to facilitate the committee's proceedings."

I so move.

1600

The Chair: Before I ask about comments, the clerk has informed me that he has received some calls by phone. Would the three caucuses prefer that he send these to you as to their identity, for your selection prior to Thursday at 4 pm?

Mr Colle: Sure, send them on. There may be a duplication of some that have the contact list.

The Chair: We'll see that that goes to—

Mr Colle: All three caucuses?

The Chair: —subcommittee members. We will do that. Any comments?

Mr O'Toole: I don't want to become kind of clerical in nature here, but again it's the short notice. For a point of information really, will this be posted on the government channel where the people of Ontario can see and know they can notify the clerk, and make it as convenient as possible by e-mail or fax, and that the clerk will then forward those on to the appointed person of each caucus? Because otherwise we aren't going to get these—we're actually starting on Monday morning. We will have to submit lists, it's my understanding, by tomorrow at 4 o'clock. You know what I mean? Boy oh boy, the stakeholders—with respect to auto insurance, it's a huge issue. In fact, I'm not convinced that it goes far enough. I should remind members I did the consultation on auto

insurance reform. It was in our documents—again, the issue I'm talking toward is making sure it's posted—I know there's no time to advertise—and that all members be notified of all groups so that we can make our selection tomorrow night, 4 o'clock.

Mr Colle: Just to remind Mr O'Toole, these timetables were agreed to by your caucus unanimously in the House. Your representative on the subcommittee agreed to these terms without any questions. We acquiesced to his considerations, and we are following his direction as the direction of your own caucus. In fact, we are even giving an extra day, because we could even have had the meetings tomorrow. Instead, we're going ahead with more time allocation for contacting people by doing this for Monday and Tuesday. So we have in fact added time to it.

Mr O'Toole: Just to not lengthen discussion here, and in the interest of time, because it is an opposition day today—I should be there—my point is that today we made an exception. I commend the government for allowing Mr Sewell to speak, even though he had nothing complimentary to say; it was a good show of democracy. I would hope that on Monday, if there are victims of accidents for whom it may be difficult—if they show up on Monday, I'll be moving that they be allowed to add their voice to the public record. Would that be agreeable? There's no real agenda on my part here, except to say that those short notices—your time allocation motion—predetermined all the outcomes here. You are government and you will pass the bill at the end of the day.

Mr Colle: Just to repeat again, the timetable for the committee meetings had been agreed to by you and all the members of your caucus unanimously and we were following your instructions on that. Secondly, you, as a member of your caucus and member of this committee, can choose to select anyone that you want to appear as a witness before this committee, as decided by your subcommittee member, where we were allocating six, six and four; that was agreed upon without question by your representative, Mr Miller, the member for Parry Sound-Muskoka.

The Chair: Any other comment?

The committee accepts the subcommittee report. Thank you.

Mr Tim Peterson (Mississauga South): Could we fix the times for Monday now?

The Chair: It's in the programming motion that the committee may meet from 10 am to 12 noon and again following routine proceedings until 6 pm on each of the two days.

If there's no other business, this committee is adjourned.

The committee adjourned at 1605.

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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Monday 15 December 2003

Journal des débats (Hansard)

Lundi 15 décembre 2003

Standing committee on finance and economic affairs

Automobile Insurance Rate
Stabilization Act, 2003

Comité permanent des finances et des affaires économiques

Loi de 2003 sur la stabilisation
des taux d'assurance-automobile



Chair: Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 15 December 2003

Lundi 15 décembre 2003

*The committee met at 1005 in room 151.*AUTOMOBILE INSURANCE RATE
STABILIZATION ACT, 2003LOI DE 2003 SUR LA STABILISATION
DES TAUX D'ASSURANCE-AUTOMOBILE

Consideration of Bill 5, An Act to temporarily freeze automobile insurance rates for private passenger vehicles and to provide for the review and regulation of risk classification systems and automobile insurance rates for private passenger vehicles / Projet de loi 5, Loi visant à geler temporairement les taux d'assurance-automobile dans les cas des voitures de tourisme et à prévoir l'examen et la réglementation des systèmes de classement des risques et des taux d'assurance-automobile les concernant.

COALITION OF REGULATED HEALTH
PROFESSIONAL ASSOCIATIONS
AND ALLIED ORGANIZATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will come to order. We're here this morning for consideration of Bill 5.

Our first guests this morning are the Coalition of Regulated Health Professional Associations. Would you come forward, please. Good morning. Ladies and gentlemen, you have 15 minutes for your presentation. It can be made up of exactly that or you may want to allow some time for questions. If you would give your name and your organization for the purpose of our Hansard record.

Mr John O'Toole (Durham): On a point of order, Mr Chair: Before we begin proceedings, I'm wondering if the Minister of Finance is intending, as the author of this bill, to make any presentation before the committee.

The Chair: The subcommittee determined that it was not necessary to have the minister here for this bill. He was here for the prior bill.

Mr O'Toole: Nothing to do with this issue, though. OK, thank you.

Mr Toby Barrett (Haldimand-Norfolk-Brant): The prior bill did not discuss insurance.

The Chair: No, but the subcommittee determined that they did not require the minister for Bill 5.

Mr O'Toole: Peter Kormos is here, so it will be taken care of.

Mr Mike Colle (Eglinton-Lawrence): Mr Chair, just again to state on the record, we asked the Conservative subcommittee member whether he wanted a statement made and he said it wasn't necessary, that he instead wanted more time for deputations. That was the decision of the subcommittee.

Mr Peter Kormos (Niagara Centre): Mr Chair, if the government hadn't time-allocated the bill in the committee hearings, there would be more time for presentations by members of the public. So it's silly for the parliamentary assistant to say that the minister begged off so there would be more time. If the minister wanted more time for public participation, he wouldn't have time-allocated it and the Tories wouldn't have supported them in the time allocation.

The Chair: The Coalition of Regulated Health Professional Associations can begin.

Dr Carlan Stants: Good morning. My name is Dr Carlan Stants. I am the chair of the Coalition of Regulated Health Professional Associations and Allied Organizations. To my left is Jeff Lear, who is here representing the Ontario Association of Speech Language Pathologists and Audiologists. To my immediate right is Christie Brenchley, who is the executive director of the Ontario Society of Occupational Therapists. Further right is Marla Feldman, who is here representing the Ontario Association of Social Workers. Last, to my right, is Jim Christie, who is an actuary with the firm of Ernst and Young and who has provided actuarial analysis for the coalition with regard to auto insurance.

On behalf of the coalition, I would like to thank the standing committee on finance and economic affairs for the opportunity to speak before it today. In addition to this presentation, a number of our member organizations have invitations to speak separately later in the day.

From an historical perspective, the coalition was formed in October 2002 to serve as a collective body, a collective voice, for the varying professional health associations on matters related to auto insurance.

We understand the deep pressures on the past and present governments to stabilize auto insurance premiums. The coalition has always been committed to working with the government and other stakeholders in a collaborative, consensus-based manner to find ways to stabilize premiums while ensuring access without excess

to reasonable and necessary accident benefits for insured persons.

At this time, the coalition supports the Liberal government's Bill 5. We support the government's endeavour to protect consumers by reducing costs and making sure those savings are passed on to consumers in the form of lower rates. We support the government's current initiative to find appropriate ways that do not discriminate against any particular stakeholder group to achieve savings that will bring down auto insurance rates by an average of 10%. We also support the government's future initiatives to find appropriate measures that will maintain both availability and choice for consumers in obtaining auto insurance and ensuring the viability of the system. Finally, we support the government's long-term initiative to assess the practicality of customizing insurance plans that will allow consumers to save more by allowing them to customize their insurance coverage to best meet their individual needs.

1010

On a personal level, I have taken quite a bit of interest in the debate that has gone on in the Legislature with regard to Bill 5. However, one of the most overwhelming things I've noticed is the wide diversity in the knowledge base among the members of the Legislature on the issue of auto insurance. We are all here, ultimately, to try to find a product that meets the needs of all Ontario consumers. However, what I have noticed is that there seem to be an apparent number of myths that seem to be common to members in the Legislature.

One of these myths is that there is a valid database available to understand costs and to plan sound policies.

The second myth is that auto insurance premium rates are increasing because of the escalating costs associated with health care costs charged by health professional facilities for treating injured insured persons.

The third myth is that treatment care plans and fees paid to health care providers by automobile insurers can be brought closer to those of other payers, such as the WSIB.

The fourth myth that we notice is that designated assessment centres are a contributing cause of the rising cost of insurance, and that by eliminating the designated assessment centres, savings of over \$100 million can be achieved.

The last myth that we notice is that auto insurance is mandatory here in the province of Ontario, and in an ideal world, the cost of this insurance would not be prohibitive and would provide insured persons with appropriate benefits should they be involved in an accident.

I will try to address these myths in order. On the issue of the valid data: It has become evident in the two-year process that the coalition has been involved intimately in the whole reform process that there is a dearth of good, accurate data upon which to build policy. We find that often this information is taken out of context. There have been recommendations toward the development of an independent data collection service that can be independ-

ently verified. The coalition has made that recommendation. We are trying to work with the insurance industry—certainly on the medical and rehabilitation part of the product—to have that type of process put in place. However, there is no initiative that I am aware of in the other sectors.

We also know, for example, that the information that is collected by the Ministry of Transportation is sadly lacking as to its accuracy with regard to the number of accidents and the number of injured individuals. I have had a conversation with the ministry prior to the most recent election and they openly admit that there is a lack in this regard.

Part of that problem is due to the fact that approximately five years ago, in 1997, we went to a self-reporting format with regard to reporting accidents. Typically what ends up happening is that if the accident is below a certain dollar value or if the person is not injured, you can self-report at a collision centre. The problem is that many times individuals who are injured do not start to show signs or symptoms related to their injuries until after they have reported and they do not go back to the collision centre to report those injuries at that time.

I've also talked to both the federal and provincial regulators with regard to the verification of the data that is presented to them by the auto insurance industry. They both indicate to me that they often take the data at face value, the reason being that they do not want to create problems with regard to solvency issues.

One of the few areas where we do have accurate data is with regard to the DAC system. This is due to the fact that DACs are required to report on a bimonthly basis to FSCO with regard to their activities.

When we talk about the myth around the auto insurance premiums increasing because of escalating costs, the hourly fees charged by most of the health professionals were negotiated with the insurance industry back in 1996. There has been no increase in those fees over the past seven years. The rate that is currently charged to the auto insurance industry is significantly lower than each association's current recommended fee guidelines. As we are all aware, there's a multiplicity of factors contributing to rising insurance rates: erosion of the investment market; high contingency reserves held by insurance companies; high re-insurance costs; high agent commissions; a substantial portion of costs attributed to medical rehabilitation are not related to treatment, i.e. settlement costs or long-term disability benefits; there are high costs due to reported fraud; poor insurer internal claims management; and we have seen a rise in tort claims and settlement costs. Quite simply, health professional facilities cannot supply quality care and meet rising overhead costs at a rate below their usual and customary levels.

The third myth is: Treatment care plans and fees paid to health care providers by automobile insurers can be brought closer to those of other payers, such as WSIB. The important thing to understand is that you cannot

compare the WSIB and the MVA systems. They are not comparable. MVA injuries tend to be more complex, multifaceted and longer-lasting. There are different obligations in the system. WSIB's obligation simply is to assist the injured worker back to at least modified duties. Employers are required to accommodate the injured worker. There are no such obligations in the auto sector. Health professionals are obligated to assist, where possible, the injured person back to his pre-accident status. There are more administrative and reporting requirements from practitioners in the auto sector, which necessitates greater overhead costs.

What we found in the WSIB system is that, historically, fewer and fewer service providers are prepared to provide services in that area. There seems to be an admission from the WSIB that their fees are too low, and they have been working on developing programs of care which end up paying a higher rate to service providers as a consequence of that. It should be noted that the current professionals services guideline was imposed upon the regulated health professions; it was not negotiated. It represents a 30% to 50% reduction in professional health fees. In some cases, it takes professional health fees back 30 years. When you compound it with the other savings and reforms that have been brought in, it has the net effect of reducing fees in excess of 70% for health care professionals and facilities.

The fourth myth that I will address is with regard to the designated assessment centres, DACs, and that by eliminating them there is a possibility of saving over \$100 million. The entire assessment sector is approximately \$225 million. Of this, approximately \$45 million is paid for DAC assessments of all kinds. About \$25 million of that \$45 million is paid specifically on issues around medical and rehabilitation benefits, approximately \$135 million for insurer examinations and the balance for a variety of insured-person-initiated examinations. The average fee for medical and rehabilitation assessment is approximately \$2,500. This is for the entire assessment, not on an individual basis.

Therefore, eliminating the DACs will not allow the government to save the \$100 million that it is seeking to save. The DACs serve a useful and important purpose because they provide an objective, neutral, arm's-length, expert peer dispute resolution mechanism. It was this process that allowed the coalition to negotiate in good faith with the auto insurance sector and the government in bringing in the new processes that we see around pre-approved frameworks, around pre-approval of assessments etc.

It is the coalition's recommendation that the DAC system should be fixed rather than discarded.

1020

The last myth I shall speak to is the idea that in an ideal world auto insurance would not be prohibitive and insured persons would have appropriate benefits should they be involved in accidents.

From a medical-rehabilitation perspective, consumers are supposed to have access to \$100,000 worth of

reasonable and necessary goods and services over a 10-year period. That's what the policy says. There's an option which is seldom exercised. This speaks to the idea of customized plans for consumers to purchase \$1 million worth of goods and services over a lifetime. The reality of the situation is that consumers get in the order of \$1,500 worth of goods and services, and then are required to fight their insurer for the rest of it.

Increasingly, consumers are being required to dance through an ever-tightening series of hoops in order to access benefits they are legally required to purchase. Service providers are required to increasingly provide more paperwork and services at reduced fees, which is leading to accessibility issues for insured persons. There are proposals that would see the consumer's fundamental right to choose their service provider, which is entrenched in the Canada Health Act, by the establishment of gatekeeper roles by certain health disciplines and the establishment of provider networks.

The Chair: Excuse me, I just wanted to let you know you have about a minute and a half left.

Dr Stants: Thank you. When there's a dispute over a benefit, the consumer's ability to access mutual dispute resolution is being eroded by the proposal to eliminate the DACs, and there are increasing obstacles to consumers being able to obtain appropriate legal representation.

In conclusion, the coalition has made separate presentations to both the past government and the current government with cost-saving measures. We'll be happy to provide those. We have provided cost-saving measures that we feel will lead to about a 15% reduction in the current premiums. The fundamental principle is that there has to be increased accountability by all the stakeholders and that the cost savings should be spread across all the various sectors in the market. We feel there needs to be an independent mechanism for the collection of data. There also needs to be a strong, neutral, expert-peer, arm's-length dispute resolution mechanism.

Finally, the coalition looks forward to working with the government to try to achieve these measures.

The Chair: Thank you very much. We have time for a very short question. I'll allow time for the answer as well.

Mr Barrett: Very briefly, I want to thank the coalition and I want to thank Mr Lear for a letter he forwarded to me, which was submitted to this committee. I think it's the only submission to this committee, is that correct? Again, Mr Prue may concur, it suggests lack of time and lack of consultation. I think the previous committee—I don't think there were any submissions that were circulated when we were making decisions. It suggests to me that there's not enough time for proper deliberation of a very important issue, an issue that's very important for the victims, the children who are injured in accidents. I suggest this committee take the time to think about the victims and some of the problems that occur in this industry.

The Chair: Thank you for your presentation this morning.

ONTARIO MUTUAL INSURANCE ASSOCIATION

The Chair: I call upon the Ontario Mutual Insurance Association to come forward. You have 15 minutes for your presentation. You may allow some time for questions, if you care to. State your name and organization for our record, Hansard.

Mr Glen Johnson: My name's Glen Johnson. I'm president of the Ontario Mutual Insurance Association. Ron Perry is with me. Ron is manager of Lambton Mutual. John Knill, the underwriting manager from our reinsurance company, is caught in traffic, so he may come in at any minute. I want to read a brief introduction and then hopefully leave some time for questions.

These comments are made on behalf of the 47 members of the Ontario Mutual Insurance Association. All operate strictly in Ontario on an insurance-at-cost basis. They direct any profits into policyholder surplus. They only write participating policies, so every policyholder has voting rights. They're guided by boards of policyholder directors, who are typically farmers and small business operators in the community.

We recognize the importance of improving consumer confidence in Ontario's automobile insurance system. Accordingly, we can see the merit of implementing a temporary freeze for private passenger automobile rates as a first step in restoring consumer confidence. However, we stress that a rate freeze is a very small first step in correcting the rising cost of auto insurance in Ontario.

The sound way to reduce the price of auto insurance is to control the cost of the product, and specifically the claims costs. As an insurance-at-cost mechanism, with no incentive to make profits to provide to shareholders, we know that premiums are strictly a function of cost. We also know that all costs end up with the consumer. The better we can control those costs, the better we can control the auto insurance premiums. That's the challenge and that's where the focus should be.

The government needs to move ahead with product reforms and other cost control measures as expeditiously as possible. Specifically with respect to the content of Bill 5, we support clause 6(1), which allows an insurer to "apply to the superintendent for approval of rate changes that exceed the authorized rates if the insurer believes it is just and reasonable," having regard to its financial circumstances. Again, the temporary freeze is a small first step to the real solution, and an insurer's solvency should not be jeopardized because of it. The superintendent would only approve the application for higher rates if the circumstances warranted it anyway.

We encourage the government to only use the rate freeze as a method of gaining consumer confidence for the short run while the problem is substantially addressed through product reform, and that competition within the industry then be allowed to work as it should. A prolonged rate freeze or any other artificial price control could have a detrimental effect on the industry and consequently adversely affect availability.

The Ontario farm mutuals' rate filings are prepared on a group basis by their jointly owned reinsurer FMRP, Farm Mutual Reinsurance Plan Inc. Farm mutual auto insurance rates are currently well below the industry average. We had applied for an increase in late September. This request was not approved by FSCO before the October 23 rate freezes. Therefore, we currently lag behind many companies in our industry that had received approvals for rate increases earlier in the year. In addition, under the second phase of the government's proposal, we will be expected to roll back rates by an average 10%.

This situation places the Ontario farm mutuals at a disadvantage. Nevertheless, and this is what I want to stress, we recognize the need for the rate freeze, but we urge you to expedite the necessary product reforms that will alleviate the cost pressures that drive premiums upward. We believe that if you take this opportunity to make the appropriate product reforms, healthy competition will have its effect in lowering premiums.

Further, we recommend that Ontario move to a file-and-use rating system with benchmark rates, which would enhance competition and provide long-term rate stability. The current rate filing process has not achieved that goal. We need to bring healthy competition back into Ontario's auto insurance marketplace.

We also urge you to encourage and join with the insurance industry in a campaign to help consumers understand the forces that affect their auto insurance premiums. Most importantly, consumers should understand that premiums are affected by claims costs more than any other force. We cannot make positive change to price and availability problems without addressing claims cost in a meaningful way. It is important that consumers understand that.

Attached to these comments is our paper entitled *Bringing Positive Change to Ontario's Auto Insurance System*. In this paper we've made a number of specific recommendations, most aimed at controlling claims costs. This is the real solution.

To reiterate the conclusions of our paper, as we see it, the formula to controlling rising auto insurance premiums is as follows: help consumers to understand the forces that affect the cost of insurance and the price-coverage trade-off; move to a more predictable system for first-party benefits for non-catastrophic injuries such as a strictly defined schedule of benefits with strictly defined dollar maximums; bring back a strong OMPP-type threshold, which is restricted to physical injuries; implement cost control measures for health care providers such that payments are similar to what they receive from WSIB; and implement consumer protection legislation to make it illegal for any business licensed in Ontario to have a two-tiered pricing system—one for insurance claims and one for "no insurance situations."

We appreciate the opportunity to provide input. Hopefully, there's some time for questions.

1030

The Chair: Thank you very much. We have about two minutes for each caucus. We'll continue the rotation and start with Mr Prue of the NDP.

Mr Michael Prue (Beaches-East York): I'd just like to zero in, in my two minutes, on your recommendation that you "implement cost control measures for health care providers such that payments are similar to what they receive from WSIB." The previous group said to do diametrically the opposite of that, that the WSIB was too low and that they had negotiated in 1996 and hadn't had a raise. Why are you recommending something that is totally at odds with the previous group?

Mr Johnson: Obviously, here we're dealing with a product that's costly, and we're trying to find ways to get the cost down. It just seems to us that if we're going to compare the cost of auto insurance and the benefits it provides, it has to operate in the same environment as do the other things, like WSIB, OHIP and so on. It's really not fair that the auto insurance policy be left to pay a different rate. The consumer sees that in the form of the fact that, golly, their auto insurance is too expensive. It's a cost that's in there.

Mr Prue: So these people who have not themselves had an increase since 1996 should expect a decrease?

Mr Johnson: It wouldn't be a decrease; it would be putting us back on the same level as other people who are paying fees. I suppose in a sense if you wanted to look at that as a decrease, maybe you could, but it seems unfair that the auto policy has to pick up that extra fee, and the consumer really doesn't see it other than the cost of their auto insurance as being too expensive. It doesn't come out. What drives the cost of auto insurance? If it's fair in those other jurisdictions, it should be the same level playing field for the auto policy as well.

The Chair: We'll move to the government caucus.

Mr Bruce Crozier (Essex): Good morning. In our attempt to either minimize or reduce costs in the insurance field, you have stated that you recommend that we move to a file-and-use system. How will this help us do that?

Mr Johnson: Unfortunately, our person who could answer that best is the one who didn't make it, but it would be less structured, I guess. There would be benchmark rates, which would be an average that is charged within the industry, and then there would be leeway one way or the other as far as what a company could charge.

What we're really saying is, bring back competition. Let the insurance companies compete with each other, and that will achieve the price efficiency. At any point in time, we don't know the real price. We only know the real price after we sell the product because of the nature of the product. We're either too high or too low at any given point in time. It's competition that's going to bring that price down to the right level. There's a diagram in the paper on page 6 that shows the insurance cycle.

Mr Crozier: But if file-and-use simply means that they can file their rates and go ahead and use them the same day as they filed them, what I'm trying to get at is,

how does that reduce costs? Are there significant administrative costs that can be saved doing that?

Mr Ron Perry: Yes, there are, and as Glen has pointed out, unfortunately Mr Knill is not here to give you those exact costs for our industry. I can tell you that it is very expensive. By the time you bring in actuaries and so on and have to put together a presentation to give to FSCO, it will oftentimes take three to four months before rate approvals are received. As a matter of fact, the cost of it is one reason why we as mutual companies pool together and have that done by Farm Mutual Reinsurance Plan Inc, so that we can share that cost. It would be cost-prohibitive for small companies the size we are as individuals to have to put forward a rate filing with all the work. It's very complex, very expensive.

Mr Crozier: Chair, might I ask that maybe they could provide an explanation of file and use for the committee and we could get that later?

The Chair: If they would care to, we'd appreciate it. We'll move to the opposition.

Mr O'Toole: Thank you very much for your presentation this morning. It's an ongoing debate. I have just a couple of points. I agree with you that the claims cost is really the focus that drives the pooled risk—how much it costs.

I look back at the Liberal plan in the late 1990s. We really had rate capping and they had an attempt to eliminate that. But when they had rate capping, the actual rates went up 17.8%. The history is there. Even if I look at the current bill, there is, "The minister may allow." It's mentioned all throughout the bill, to allow rate into the system. There's no guarantee that rates will actually stay down.

If I look to the history, the Ontario motorist protection plan, which was the Liberal plan—some have said even more recently in the Toronto Star that it really hampers access to the system for victims; that's really what it does. If you look at their plan, it's clear they want to eliminate the DACs, the assessment for access to treatment. Do you support that? That's one question.

The second one is, we had entered into an expedited rate filing, which was really file and use in a much less sophisticated way. If you could comment on both those things and if we were on the right track, I'd appreciate it.

Mr Johnson: With respect to the DACs, we would support reforming the DACs. There are fixes that are needed with respect to timeliness and finality and things like that. But we would support a system of reforming the DACs rather than doing away with them.

On the rate question, I'm going to defer to John Knill, who's with us now.

Mr John Knill: I'm sorry, I missed your specific question on rate filings.

Mr O'Toole: Yes, we were entering into a period like file and use but it was called expedited rate filings; really more a file and use, but they would be reviewed afterwards, avoiding the cost, as Mr Crozier was asking about, of managing the business plan with respect to the actuaries and all the reports necessary to justify the rates.

Was that the right system or is there some comment you could make with respect to file and use and expedited rate filings?

Mr Knill: I believe the file and use system would be much more appropriate. It would be much more cost-effective. It would also allow the regulators to quickly determine whether or not companies or groups were filing the appropriate rates as opposed to the current system now, which is somewhat of a negotiated filing system.

Mr Barrett: I wanted to jump in just to say thank you to OMIA for being here. You're mutual companies; you're different from the stock companies. You've been doing something right. Many of your companies have been around for well over 100 years. I appreciate your comments on the value of competition and cutting costs. Your companies can do it. You're not sitting in high-rises in large cities. You're very close to your customers. I also—

The Chair: Your time has expired.

Thank you very much for your presentation this morning.

ASSOCIATION OF CANADIAN CAR RENTAL ORGANIZATIONS

The Chair: I will call upon the Association of Canadian Car Rental Organizations. Welcome to the committee. You have 15 minutes for your presentation. As you've seen this morning, you may allow for questions if you so desire. If you'd please state your name and your organization for the purposes of our record, Hansard.

1040

Mr Sid Kenmir: Good morning, committee members, and thank you for hearing our presentation on Bill 5 today. I am Sid Kenmir, president of the Associated Canadian Car Rental Operators, which is called ACCRO. ACCRO represents the vast majority of vehicle rental firms in Ontario. I am here today representing the views of the vehicle rental industry on Bill 5 and auto insurance generally.

Also here with me today are Jim Bell, president of the Canadian Taxicab Association as well as the Toronto Taxicab Alliance, and Philomena Comerford, president of Baird MacGregor Insurance Brokers. Baird MacGregor is the insurance broker for the majority of the car rental and taxicab firms in Ontario. Also with me is Mike Dearden, who is the public affairs adviser to ACCRO.

I have a short statement I would like to read, and then we would be happy to answer any questions. I have provided copies of my presentation to committee staff.

First, by way of background, I want to tell you that there are over 4,000 licensed taxis and 7,500 licensed cabbies in Toronto. Across Ontario, it is estimated there are well in excess of 20,000 licensed taxicabs. The vehicle rental industry in Ontario employs over 6,000 people. We own and operate over 45,000 vehicles. Our most recent figures, which are several years old now,

show that our industry pays over \$82 million in taxes and fees to the Ontario government annually.

The vehicle rental industry in Ontario is the largest single operator of vehicles in the province. On any given day, we have as many as 30,000 cars on the road in the GTA alone. Annual revenues for vehicle rental firms in Ontario are in excess of \$750 million.

Vehicle insurance has always been a significant cost of doing business. The last few years, however, have seen rate increases unlike anything we have previously experienced. Like individuals, the rental industry has responded by taking on more and more of the risk associated with vehicles. Some rental firms are completely self-insured for collision and comprehensive damages. While we have had some success in this regard, the cost of insurance for bodily injury coverage has hit us very hard—50% increases in premiums are not uncommon for some smaller firms. So for the vehicle rental business, soaring insurance rates are not just an inconvenience, they strike at our livelihood.

The main factor driving up insurance premiums is the payout for bodily injuries. Medical care, rehabilitation treatments, cash settlements, legal costs and awards have escalated incredibly.

The vehicle rental industry sees Bill 5 as a first step toward fixing the rate increase problem. While Bill 5 applies only to private passenger vehicles, and hence does not immediately help us or other commercial operators, we see this as a positive first step. We have reviewed the proposals of the new government in terms of changes to the system, and we support the goals of the government.

Bill 5 signals a government that is willing to take the decisive action necessary to correct the serious problems in our current auto insurance system. We in the vehicle rental industry want to work with the government as they move forward with fixing these problems.

Rental firms and cab companies represent a canary in the coal mine for auto insurance. Recent studies have confirmed what we have experienced for some time now: Rental cars and taxicabs are the vehicles of choice for organized crime as they set out to defraud the Ontario auto insurance system. Using rented vehicles, criminals stage accidents and then defraud the insurance system at every step of the process, often with the help of so-called service providers to the industry.

We have shared our concerns and suggestions a great deal with both the previous and current governments. I have copies of papers we have provided in response to the various government proposals for change put forward over the last several years. I would be happy to provide copies of these papers to any members of the committee who would like them.

We in industries that depend on vehicles and hence auto insurance to make our living have no illusions about the challenges the government faces in trying to fix auto insurance. There are powerful interests who like the system as it currently operates and don't want to see change, certainly not change that would in any way

lessen their profits. But the buyers of auto insurance, be they individuals like the members of this committee or organizations like ours that run fleets of vehicles, must be able to have the choice of buying reasonably priced auto insurance coverage that will provide protection should the need arise.

Let me conclude by saying that the rental vehicle and taxi cab industries support Bill 5. Although we do not immediately benefit from it, we see Bill 5 as the first step in bringing the real change necessary to ensure we can afford car insurance that will protect our cars and people. We look forward to working with the government as it fixes the auto insurance system in Ontario.

Thank you, committee members. We would be pleased to take any questions.

The Chair: Thank you very much. We have two minutes per caucus.

Mr John Wilkinson (Perth-Middlesex): I'm interested in a little bit more elaboration about what steps you see we could take as a government to try to reduce what can be described as an epidemic of fraud, where your cars are being used by organized crime to perpetrate insurance fraud. Do you have specific proposals you've presented?

Ms Philomena Comerford: We have concerns about certain aspects of the legislation. We think telephone mediation is a problem because of the fact the claimants are not present. We are concerned about the dispute resolution system and the fact it facilitates—there's very little investigation possible when claims occur because of the fact that it becomes almost like negative billing because of the entitlement that exists. The ability to close files before a year elapses is very important because the open caseload will become a problem for fleet operators. Also, reform of the collision reporting centres is important as well. The way claims are reported, the problem starts there.

No attendance at the scene is a problem. Sharing of arbitration and mediation costs is important to the degree of success. We think that would help. There is no downside to putting everyone through their paces. Section 24 assessments are very costly, in addition to the assessments that are presently taking place, and they are a duplication of effort. The ability to investigate double-dipping through some recognized system that the claimant is aware of is important. The type of claimant that does this tends to be the type who double-dips elsewhere.

Mr Wilkinson: Do your members have an easy mechanism, if they have suspicions of fraud, to try to get it to the appropriate people, or is that cumbersome?

Ms Comerford: It's very costly.

Mr Wilkinson: So if I owned one of the firms and I got this feeling that it was a bad situation, is there an easy way for me to pass that along to law enforcement?

Ms Comerford: No. They're powerless because of the fact that the legislation ties everyone's hands. They have to do certain things and unless they have really clear proof—you're talking about soft tissue injuries, so it's very difficult to prove.

Mr Wilkinson: We appreciate your support of Bill 5.

Mr O'Toole: Thank you very much for your presentation. There are a couple of issues you've mentioned that I will follow up on. You say you support the bill; on page 4 of your presentation you support Bill 5. On what basis do you support Bill 5? It actually doesn't do anything that I'm aware of.

Mr Mike Dearden: We support the bill, as we say in the presentation, Mr O'Toole, based on the fact that it indicates the government is willing to take necessary action to correct the situation. It's just a first step, and that's the way we identify it. We suggest it does not apply to us directly because it's only private passengers. What it does for us, however, is send a strong signal and I think it sends that signal to the industry. That's why we support Bill 5, because it sends a signal of change.

Mr O'Toole: I like the term "real change." It looks like you've read their document. I have read their document and even in there, if you look at the clause dealing with—pardon my voice this morning—low rates for change, they're going to actually define in regulation permanent and serious impairment. Oddly, injury is one of the driver costs here. I'm not sure if that is true of your industry. Under what guidelines that you are aware of—you are supportive of this bill, so obviously you've read it—are they dealing with permanent and serious impairment, and does that mean people, including children, who are catastrophically injured will be limited as to treatment? That's a cost driver.

1050

Mr Jim Bell: There's no doubt, and we say it in our report, that bodily injury is a huge cost driver in the whole process. That issue is not dealt with in Bill 5. We look forward to working with the government as they do grapple with that issue. It's been an extremely difficult one for all governments. As we said, we are under no illusions about the complexity of the situation. However, we think that with good-intentioned people who believe the importance of insurance is protecting the individuals who purchase it, we can fix that problem, so long as you're willing to deal with some of the vested interests.

Mr O'Toole: I guess the key, and I'd like to just make sure than on record—

The Chair: We'll move the NDP and Mr Prue.

Mr Prue: I'd like to zero in on the top paragraph on page 4. This is hugely strong language, and I want to make sure you can back this up. It reads in part, "Rental cars and taxi cabs are the vehicles of choice for organized crime"—I need to know what organized crime you mean by that—"as they set out to defraud the Ontario auto insurance system. Using rented vehicles, criminals stage accidents and then defraud the insurance system at every step of the process, often with the help of so-called service providers to the industry." First of all, who is the organized crime, and who are the service providers who work, I guess, for the government or government agencies who are providing help to organized crime?

Ms Comerford: Actually, I know there have been some operations where they've been able to identify con-

nections with paralegals who have been working with, quite often, body shops, tow truck operators, and they will refer business back and forth. We had situations where there were six car rental companies in two jurisdictions involved in a ring and there were connections. They were able to establish a connection through investigative work that had been done.

Mr Prue: Again, "organized crime" has a very solid meaning, what it is. It's crime that launders money; it's crime that gets money usually from drugs, prostitution and other things like that.

The service providers you're talking about are paralegals?

Ms Comerford: I don't think the intent was to suggest they are involved in other types of organized crime, but specifically accident benefit fraud. It happens in the US as well, because you can rent a vehicle and disappear into the woodwork. People will rent vehicles, sell seats in the vehicle, and claim to have had a bodily injury. Frequently the claim is one that happens in an isolated area, no witnesses, and there are many disparities in the evidence that follows. They are represented by the same paralegal, they frequently go to the same treatment centres, and it's known that there are kickbacks going to tow truck operators and the like. That's happening with a fair degree of regularity, but it's difficult to investigate. It's very expensive to investigate and prove.

Mr Prue: Is there anyone else other than paralegals whom you are referring to as service providers?

Ms Comerford: Tow truck operators, collision repair shops, treatment centres that work together, hand in glove.

The Chair: Thank you very much for your presentation this morning.

Mr Kenmir: Thank you for having us.

JIM ST JOHN
BILL ANDRUS

The Chair: I would ask the Ontario Kinesiology Association to come before the committee. I'm sorry; it should be Jim St John and Bill Andrus first. If you would state your name for the purposes of Hansard, and be reminded that you have 15 minutes for your presentation. That can be solely for presentation, but you might allow for some questioning at the end.

Mr Jim St John: I'm Jim St John. This is my colleague Bill Andrus. We're from the Consumers Association of Canada, Ontario branch. It does not say that in the presentation; however, due to time constraints, this had to be an unofficial, unapproved submission.

We'll take a somewhat different approach than the prior presenters. We will make our presentation by reading the executive summary. I will do that. I invite questions during the reading of it, if you have any. Similarly, when Bill gets to his part, he will read the second page, which refers to the text, but will not try to read the entire text. Bill will also welcome questions

during his reading. You don't have to save your questions until the end.

I have difficulty enunciating. If you have any difficulty hearing me or understanding me, please do not be shy and just say so.

This paper says that Ontario consumers support the principles of auto insurance affordability, accessibility and stability. We look to reduce costs without reducing benefits, since accident victims too are consumers. They both pay the premiums and experience the accidents. The 1996 changes to the insurance product already reduced these benefits as far as practicable. I'm aware of that because at the time I was a government employee working on this subject. Since then, I've retired.

The GTA represents 30% of cars insured, 39% of premiums, 42% of claims, higher traffic density and accident frequency, and it has an advisory infrastructure which encourages consumers to make claims, whereas in the rest of Ontario a claim is not ordinarily made. The rest of Ontario simply says, "Suck it up and go on with life."

Over five years, the average cost of claims in the GTA has increased 10.7% per year versus 4.7% outside the GTA. This suggests that the auto insurance crisis which we're currently facing in terms of premiums is primarily a phenomenon of the greater Toronto area. If you go outside, to Kenora or Kingston, you will not find the same concern with auto insurance that you find in Toronto.

Even if the government were interested in moving to public auto insurance, it would take time. Change is needed immediately. Our immediate savings proposals include 4% to 5% savings by reducing broker commission from 12.5% to 8.5% and eliminating profit-sharing schemes, in effect offsetting the windfall profits accruing to brokers from premium increases. In other words, premiums have gone up by about 20% in the last year, according to FISCO, and another 20% the year before that. Since the broker's commission is a percentage of the premium, their commission has gone up as well, without any attendant increase in what the brokers have to do. These increases constitute a windfall profit for brokers.

We would also note that if you turn to other jurisdictions, various provinces in Canada, particularly the ones that have public auto in form or another, they also use brokers, but brokers only get 8% to 8.5% commission in each of their provinces. We don't think the amount of work in Ontario is significantly different than the amount of work in those provinces for their brokers. We recognize, though, that brokers would not be happy with the idea of a cutback in their commission, even though part of it is windfall, and we have something for them as well; that is, we would make this more acceptable to brokers by mandating their access to all insurance markets, as currently they only have access to two or three companies. Bill will go into this in greater detail in his presentation. The proposal is that they should have the ability to place their business with any company, not

just the two or three they represent at the moment. This will restore the function of the broker, and the image the public has of a broker when they go to a broker to buy insurance.

1100

We would obtain another 1% saving by reducing the surcharges on monthly premium payments. These surcharges are about 3% per month at the moment, 50% per year. We don't think there's justification for the current rates being that high in a non-inflationary environment.

We would save another 1% by reducing Ontario's premium taxes. The previous government announced a reduction in premium taxes from 3% to 2%. We think this government should do the same thing.

We would save another 1% to 2% by reducing company overhead expenses and other significant savings, harder to quantify. Particularly in the GTA, it would be achieved by allowing companies more latitude to control advisory expenses, such as the tow truck operators, paralegals and body shops.

That's the end of the executive summary. Do you have any questions before Bill Andrus launches into his?

Mr Bill Andrus: Perhaps very quickly just to go through the rest of it, the way I would suggest we organize it is that we have two pages here of a point summary of the attached presentation and then the presentation, albeit it's 15 pages. I'll refer you to a specific graph and a specific page to quickly go through it.

To start off with, I would say we wanted to take a look at the claim costs. Let's look at the numbers, let's look at the real data, what's going on out there. Please refer to page 1, graph 1. If you look at that graph, those are claim costs per insured vehicle in Ontario. All data came from the Automobile Statistical Plan database, which is a very, very good database. It is contributed to by law by all insurance companies who are writing auto insurance in Ontario.

If you look at this graph, those are the claim costs. That is, in effect, the behaviour of the consumers and the compensation that the consumers are getting. I might suggest that it's probably the most boring graph you'll ever see in your life. There's nothing exciting going on here. There's no crisis. In statistics, you might refer to that line as a frozen rope. That's a stable, solid business, although it's going up at 7.8% per year. We can look at that. That is not a crisis. We're not hearing rate increases of 7.8%. We're hearing 20%, 30%, 40%. So we've got to dig deeper.

Please refer to page 2, graph 1.25. That's where we split the claim costs to the GTA and the remainder of Ontario. Clearly in the GTA, there is a different set of issues at force here. There's something going on. On the good side, though, the remainder of Ontario is even more safe. This is not a crisis, at least on the claim side. So we've got to find out where this volatility is coming from.

The growth in the GTA is approximately 10.7%, 7.8% in the province over all, and 4.7% outside. It's hard. We

have to sit back and say, "Look, why does a soft tissue injury in Stratford, in Chatham, in Sarnia, in Timmins cost so much less than a soft tissue injury at Yonge and Eglinton?" So we keep working, finding out. Maybe it doesn't.

We move forward to page 3. Now, this is stability in the system. Back to graph 1. The way you make rate filings in this province is that you go forward, you put your expected costs down and you, or the insurance companies, are allowed 25% margin, roughly, for overhead and profit, et cetera. If it was working well, the dotted line would represent our premiums. It would be falling in line with the claim costs over time. Again, it would be nice, uniform and stable. That is not what is happening.

So let's go forward. Please, page 4, graph 2. What I did here, although the scale is a little bit different, is that I put in the average premium. These are actual dollars paid for all lines of insurance—collision, comp, third-party liability, everything. It's all in there as it is in the claims. You can see there is a level in the average premium. Now, the average premium is moving up sharply.

Please move to page 5, graph 3. What I did there, that vertical line represents a projection. Everything to the right is a projection. Fortunately, on the premium side we don't have to project; we know the facts. Fiscal was recently putting out—there was a thing on the Web site—saying that the 12-month actual, real premium increase over all was 19.3. I think I may be off a couple of points. So that vertical line, top line, represents the 19.3. That is not a projection; it is a statement of fact.

Now then, we look at the average claim costs and the stability. I suggest one does not have to be a rocket scientist to project that very stable curve. We fit a line through that. It's a very stable fit. So you can see the gap widening. These are the numbers. This is it. That gap is spreading very quickly.

Now then, on page 6 I split that between the GTA and the remainder of the province. That graph is wrong—I'm the first to admit it—because the rate increase we used for the province was 19.3. We have anecdotal evidence that if we could split it by GTA and the remainder, it would be more in the GTA and less in the remainder. Therefore, we are underestimating the gap in the GTA graph and we are overestimating the remainder.

The points here that we want to make is, if there's volatility in the system, it's hard to find the evidence that it's coming from the claims side. We hear a lot of words. Where's the evidence? We think we can produce the evidence from this, which is a highly credible database, that there is a lot of volatility coming from the supply side of the equation—the insurers.

Why is that? Please refer to page 8. I'll try to go through this very quickly. Time is running short. But what we would like to say, with respect to Bill 5, we think the graph on pages 5 and 6 support Bill 5. It's appropriate both in timing and intent. It is time to do this; take this period of a freeze on rates, maybe even make it

longer. Let's stop, look and listen and see what's really happening in the system, but look at both sides, not just the claims system. Let's look at the other side, the supply system. That's what we're trying to do here because we couldn't find the volatility in the claims side. You can't get it.

So I totally, absolutely support Bill 5. Maybe it should be a little bit longer to give you enough time to stop, look and listen.

Moving forward, there is an interesting thing here and I'd like to refer you to page 9, table 1. The point we'll want to get to here is that to have a free market system, you have to have competitors and you have to have access to the competitors. Let's look at table 1, page 9.

The Chair: I remind you that you have *[inaudible]* minutes left.

Mr Andrus: I'm out of gas.

The Chair: Continue.

1110

Mr Andrus: On table 1, in 2001, there was a study done by the Consumers' Association of Canada. It was done for different purposes than this, but I've at least used some of their material to be able to show what we've got here.

In 2001, they went out to 10 auto insurers operating in Ontario and they developed 30 different profiles, 30 different fictitious John Does, and they got quotes. Profile number 1 was a pretty mundane profile—they're back in exhibit 1. This family has two vehicles, but it had some sort of a wrinkle in it, and you get the details on the profile. I don't think it's that important for the point I want to make. But you have 10 different insurers on the profile: the lowest quote, \$1,795; the median or middle quote, \$1,982; and the highest quote, \$2,501. That's a hell of a swing for exactly the same risk. If those people who are paying the highest moved to the lowest—it's got exactly the same product—they save 28.2%. The median people would save 9.8%. Even going from high to median, you'd save 20.8% and you've got exactly, precisely, the same product. You can quickly eyeball columns 5, 6 and 7. These are very serious savings.

What we have, we submit, is a supply system in which there is a lot of competition, but you can't get at it. Based on what we saw in table 1—shut me up whenever you want; I'll just keep going until I'm told to leave—based on this understanding, why are consumers not purchasing their insurance from the cheapest insurer? The answer has to be that they don't know that the rate exists. They don't know it's there. Why don't they know it's there? Now we have to look at the supply side. We have put in—

The Chair: Mr Andrus, I think we'll have to allow our committee to read the rest of your report—very interesting—at their leisure. We appreciate both of you coming before the committee this morning.

Mr O'Toole: In the interim *[inaudible]* the next presenter, there's one more example where the whole input on this is almost a sham.

I appreciate the time you've taken to prepare this and to present it—

The Chair: Your party agreed to the proceedings this morning, Mr O'Toole. It's not a point of order.

ONTARIO KINESIOLOGY ASSOCIATION

The Chair: I would call forward the next group, the Ontario Kinesiology Association.

Interjection.

The Chair: Mr O'Toole, come to order.

Good morning. You have 15 minutes for your presentation. That can be made up of presentation and/or questions. If you would please state your name and your organization for our Hansard record.

Ms Conny Glenn: My name is Conny Glenn. I am the president-elect for the Ontario Kinesiology Association.

Mr Stephen Skyvington: My name is Stephen Skyvington. I'm the vice-president of PoliTrain Inc.

Ms Glenn: The Ontario Kinesiology Association is glad to have the opportunity to present to you this morning with regard to auto insurance rates. The association is comprised of 1,500 members, certified kinesiologists who work in the province of Ontario. We are a self-regulating health care group. We've worked in the auto insurance sector for well over a decade, providing health care services.

Just to give you a bit of background on our membership before I proceed to talk about the specific issues, certified kinesiologists graduate from roughly 13 different universities in the province of Ontario. They obtain a four-year bachelor of science degree in kinesiology. Part of that degree is that they must obtain courses in biomechanics, anatomy, physiology and psychomotor behaviour. We are specifically educated and trained to provide rehab services such as therapeutic exercise and assessments. We also work in various other sectors within the province, health and safety being one of them, ergonomics, and health and wellness.

We have some very specific concerns with regard to auto insurance. Since the change in regulations that became effective both October 1 and November 1, we have experienced some significant difficulties as well. I'm here to bring that to your attention and tie that into talking about the rates that are of great issue at this point in time.

Currently, the Ontario Kinesiology Association is here to tell you that we are in support of a rate freeze at this time. We believe it is crucially important to review the system as a whole. The previous changes to auto insurance regulations attempted to stabilize rates and did so at the expense of both health professionals and the injured accident victims. Rate stabilization and/or reductions were not realized by the public.

The specific issues that we're trying to bring to bear have to do with provision of services to injured victims, and those costs. Under the previous regulations there was an assumption made that the increase in cost, which therefore drove rates up, was directly attributed to in-

creased rehabilitation and accident benefit costs. We disagree with this. I think making health care professionals the culprits in the rising cost is like me trying to convince you that I'm actually a natural blond.

Mr Prue: You mean you're not?

Ms Glenn: No.

Mr O'Toole: That's a convincing argument.

Ms Glenn: Our first issue we want to inform you about is with regard to the previous regulations, and I'm specifically referring to regulation changes under the statutory accident benefit schedule. The changes that became effective October 1 changed some wording in the regulations, specifically the wording "health practitioner" and "health professional." The term "health practitioner" is defined as a regulated health practitioner, someone who is regulated under the Regulated Health Professions Act. As I've mentioned, kinesiologists are self-regulating. Despite having an application for regulation since 1995, we are not RHPA-regulated. The definition, as it stands in section 2 of the statutory accident benefits, precludes us, then, from being able to provide services that we've provided for over a decade.

The other term that's used, "health professional," is undefined. So throughout the act you see a switching back and forth of the terms "practitioner" and "professional." However, what has occurred since October 1 is the interpretation that "practitioner" and "professional" are synonymous.

Since October 1, we've seen an estimated 30% job loss among our membership working in this area. Those who have not actually lost their jobs have seen a reduction in the amount of work they're doing, or they've been constructively dismissed, remaining at the companies they're at yet unable to provide the services they once provided. Where that comes into play with the public is that there are fewer choices for them in terms of providers. Again, less competition, less provision of services.

As I mentioned, kinesiologists are skilled and educated in providing exercise therapy. Exercise therapy is the one scientifically, universally recognized form of therapy that returns people to activity faster than any other. The very people who are considered by the courts and others to be experts in this are now precluded from providing this service within the system. The result is actually an increase in costs. You can take an injured victim, give them the services they need—active exercise therapy—and they return to their activities quicker. What happens then is a decreased need for benefits, specifically income replacement and associated benefits. By decreasing the costs, you are then able to keep your rates down.

That is ultimately what I believe we're trying to achieve. We're asking that the wording be changed in that particular part of the regulations to put us back into the model. We would like to see the definition "health professional" used to include health practitioners as well as certified kinesiologists, those who are certified by the Ontario Kinesiology Association, and that the term "health professional" be used throughout.

Our second issue has to do with the regulation changes that occurred on November 1. Those involved a change in the rates that providers were allowed to bill. The rates were mandated and not negotiated. Our primary issue, aside from the lack of negotiation, was that originally we had been told that there would be a maximum 30% reduction in billing rates. Our groups saw 60%. I think anyone who has owned a business can well understand that having your rates reduced by 60% makes it economically unfeasible to own and operate a business in this kind of sector. As I mentioned, we've seen job loss. Kinesiology-owned businesses have moved out of the sector or had to fold, and other employers who employed kinesiologists have had to let them go because they cannot justify keeping them on staff when they are only allowed to bill this minimal rate. So it hasn't been just unfair to us; it has been unfair to the other health providers as well, but specifically we've been greatly harmed by this. The result, of course, is that the accident victims who are looking for these benefits and services then suffer because we are no longer in the system; there's a lack of competition and they don't get the services that they require and should have.

1120

We're requesting that the rates be put back to the preset levels they were at, and if the rates need to be changed, that they are fairly negotiated with the health providers. I think you'll find that all health providers are reasonable in this regard in being willing to negotiate, but we need to be included in the process to help stabilize rates to help keep the costs down. That's what we are hoping to get in terms of coming to you.

I have a couple of other thoughts with regard to the rates in discussions with my fellow kinesiologists. I myself have worked in this sector for well over a decade, under various pieces of legislation. The thing I continuously see is an increase in the amount of administration and paperwork required to do the same thing that I was doing 10 years ago. So a streamlining of the system I think is in order. Having health care providers fill out more and more paperwork takes them away from the thing that they were specifically educated and trained to do: to provide services that would get people better, and get them better faster, thereby reducing costs, and so effectively streamline the paperwork. Don't make us sit and fill out reams and reams of paper. Allow us to do the jobs that we are trained to do so that we can effectively work within the system.

Does anybody have questions or comments?

The Chair: We have about a minute and half per caucus. We'll start with the official opposition.

Mr O'Toole: Thank you very much for your presentation. I'm going to take some issue—I suppose I would be naive not to assume that you want to become a member of the Regulated Health Professions Act. That's a given.

The other thing you talked about, streamlining red tape more or less by the amount of paperwork: I couldn't agree more. I think that process is all the assessments. If you want to comment on that, I'm just opening it up,

because there's clear evidence they're going to eliminate the DACs, basically that's the plan, and put it under the direction of the doctor, probably the general practitioner. I wouldn't want to assume anything.

We did introduce a kind of standard invoice. I'd like you to comment on that. The standard invoice was to address the fact that you had a chiropractor, a physiotherapist, a psychologist; it's pretty hard to do any case management—somebody at the insurance or somewhere, the doctor, the attending physician, whatever. Who's figuring out what's actually happening here when the person is in very serious trauma, shock, psychologically stressed, whatever? The DACs, the standard invoice, and who's managing the care: Could you comment on those?

Ms Glenn: I think you'll find that the bulk of the kinesiologists are in support of having either a doctor or a chiropractor as essentially the gatekeeper. We do have concerns, though, given the shortages of doctors available, that this might be difficult. We work very well with the other health care practitioners in providing care.

In terms of assessments, there definitely has been an excess of assessments. Although the people working within the DACs provided good-quality assessments, we do feel that the DACs' assessments are an additional, third assessment, whereas the original system was designed to allow the injured party to get an assessment to determine benefits and then the insurer to get an assessment so that they could mediate some sort of arrangement in between. The DACs seemed to have been a third step on top of this that we feel has been unnecessary. We also believe that by eliminating the DACs, those people who were working in that system can then come back into the rest of the system, thereby alleviating what we feel is a shortage of health care professionals to provide these services. The timelines are very tight, and they need to be, in order to keep costs down. To keep those timelines working well, you need to have a lot of providers available to provide the assessments and to provide the rehab. We're in agreement with that.

Assessments I think are critical from the standpoint that we do need to get a baseline measure. However, I think some sort of standardization for assessments would be very beneficial in terms of what it is that these assessments are actually looking for. That needs to be discussed with the health care providers. I've seen assessments that are a few pages, all the way to 30 or 40. So what's reasonable? That's what we need to come back to, because obviously the longer the assessment, the more time, and therefore the greater the cost. That's where we stand on some of those issues.

The Chair: We move to the NDP.

Mr Prue: Thank you. A minute and a half is not much, so my question is going to focus in on—you want the money to be put back. The kinesiologists used to get back to the pre-set levels; that is before they have been tampered with last year. Is that pretty fair?

Ms Glenn: Yes.

Mr Prue: How much, on average, are kinesiologists losing vis-à-vis how much money they earned last year doing the same kind of work?

Ms Glenn: The average kinesiologist in our association was not being overpaid by any extent of the imagination. According to our last survey, the average kinesiologist was only making \$30,000 to \$35,000 a year. It's not excessive. The top end of the range with business owners, people who obviously have a lot more responsibility, probably would have been in the \$75,000 to \$100,000 range maximum, and that only represents about 1% of the total population of kinesiologists.

Mr Prue: Right. So if we went back, because this government is trying to, I think, save money for consumers—obviously you're asking that they spend a little more.

Ms Glenn: Yes. I'm asking that you—

Mr Prue: How much would it cost? Can you round it off—even a guesstimate—how many millions of dollars this might add to the system?

I'm not unsympathetic to what you're saying. I just want to know how much it would cost if you were recognized and got your funding back to pre-set levels.

Ms Glenn: I actually think it's not going to cost you anything, because what will happen ultimately is that you'll pay the kinesiologists to do their job. You'll see the cost savings come out, insurers paying less in income replacement benefits to injured parties, their requiring fewer services overall.

It's scientifically shown over and over again. The Institute for Work and Health certainly supports the position that early intervention through exercise therapy will drastically reduce the amount of time that people require to recover. So, instead of a person being off for three or four months collecting income replacement benefits, we're now looking at shortening that and having them off for a couple of months. That's where the cost savings come in.

The Chair: Mr Colle.

Mr Colle: There were some dramatic changes made to your profession by the previous government's Bill 198 and the regulations. Did you have an opportunity to make a submission to the hearings on Bill 198?

Ms Glenn: We weren't allowed to participate quite as fully as we had wanted to. We did make some submissions and we spoke with the individuals who were involved in those changes. I'm not trying to seem rude, but we felt that our concerns and issues fell on deaf ears.

Mr Colle: Were there any committee hearings on Bill 198 and the changes like there are for this bill?

Ms Glenn: Yes, there were some closed sort of committees.

Mr Colle: Closed—there were no committee hearings, as I understand.

Ms Glenn: They weren't legislative, no.

The Chair: Thank you for your presentation this morning.

ASSOCIATION OF DESIGNATED ASSESSMENT CENTRES

The Chair: I would call upon the Association of Designated Assessment Centres to come forward, please.

You have 15 minutes for your presentation, and you may wish to allow for questions. Please identify yourselves and your organization for the purposes of our record, Hansard.

Dr Rocco Guerriero: I'm Dr Guerriero, past president of the Association of Designated Assessment Centres.

Dr Carlan Stants: I feel like a poltergeist. I'm Dr Carlan Stants. I spoke to you earlier and I'm back.

1130

Dr Guerriero: I'd like to thank the standing committee members for allowing ADAC the opportunity to speak to you today with respect to Bill 5.

The Association of Designated Assessment Centres is a non-profit organization that consists of the majority of the designated assessment centres across Ontario. Presently, there are over 100 designated assessment centres. They represent approximately 3,000 health professionals. The centres are in hospitals and private health care facilities, and with other support staff they represent about 5,000 people.

The mission of ADAC was to ensure excellence in the quality of providing neutral assessments of injuries by applying evidence-based principles in determination of causation, disability, med rehab, attendant care needs and assessment of disability status.

We support the government's present and future initiatives in finding appropriate ways of saving costs to the consumers, but to achieve these savings by not discriminating against any particular sector in auto insurance.

Just to give you a historical perspective of the DAC system, it started in January 1994. Back then there was an assessment that was done by a health care practitioner. An insurer may have ordered an assessment, and the DAC system was meant to provide a second opinion—a third party neutral assessment. There are many different issues that come into dispute. It could be disputes over treatment, it could be disputes over disability or attendant care, and we are the arm's-length, third party centre to provide that function.

Throughout the auto insurance process we've been dealing with for the past few years, ADAC has led the way for change. ADAC, through Dr Carlan Stants, formed a coalition to provide a cohesive voice of health care providers to the government. When there was a problem with implementation of the standard invoice, we came up with a consensus and solutions to make the standard invoice better for health care providers and insurers.

It was ADAC that helped in the harmonization of OCF forms. These are forms that are used in auto insurance to help the insurance adjuster make a better decision and not necessarily run to ADAC for a dispute. We've improved the forms. We spent years with others in the health care community to change these forms. We participated in consensus-based discussions with the government, with lawyers, with FSCO and insurers to come up with solutions that led to Bill 198.

In the four major areas that we looked at in decreasing med rehab costs, we came up with a pre-approved framework. We came up with requests for assessments to control costs of assessments, and in doing so we needed to come up with a system that responds to these disputes quickly. So ADAC was the leader in designing a fast-track DAC system. This fast-track DAC system deals with disputes over a pre-approved framework, or disputes over an assessment that's requested by a health care practitioner. We also took the opportunity to reform the med rehab DAC process. We looked at the process and designed efficiencies. This is called the stage-focused process, which focuses on the area of the dispute and does it faster and cheaper.

We commissioned Deloitte Touche to do a focus review on the DAC system and look at operational analysis and financial analysis, to give us recommendations for improvement.

What is the value of the DAC system? As I mentioned earlier, it's a second opinion on medical issues. These are clinicians who provide their clinical opinion when there is a dispute about treatment, about disability. It's a neutral assessment process. Neither party decides who is going to do the assessment. In the previous legislation, it was sent to the closest DAC. Today it's either agreed by both parties or randomly selected by FSCO. So it's an arm's-length process; it's not selected by any particular party.

It's transparent. The reason that there are some procedures we have to follow is to increase transparency between both sides. It's an essential component to dispute resolution. The Deloitte Touche study recognizes that you need early dispute resolution. Whenever there's a statutory accident benefits schedule, you need dispute resolution so that people won't continue to request unnecessary treatment. We are the filters in the system who either approve good quality care or redirect care when we feel it's reasonable.

We abide by general guidelines and operational guidelines set by the Financial Services Commission of Ontario, by the ministry's committee on the DAC system, and we're also regulated by our individual professional colleges. We're a system of health care experts. Most of the people in the DAC system work at hospitals and teaching institutions and are respected peers in their individual professional associations.

We're regionally based across Ontario. We have DACs in northern Ontario, Ottawa, Toronto, Windsor and all over the province. We're accessible. We have to provide an assessment within two weeks of being presented with a file. Now with this new fast-track system, we have to assess the case and provide a response within five business days. It's timely. You can get a response for a normal dispute within 42 days of initiation of the process and, for the fast-track DAC process, you get a response within five business days.

They're cost-effective. The new fast-track process is cheaper than going to mediation. Like I said, it's a system that's based on impartial assessments. You have

evidence-based decisions, you have good consumer protection. With our quality management procedures, we have high satisfaction rates by consumers. It has saved Ontario consumers hundreds of millions of dollars in the past five to 10 years that you've had DACs. The way it does that, the statistics show, is that in med rehab, for example, one third of treatment plans are denied, one third are modified and one third are approved. So it protects the system against unnecessary or excessive treatments.

The DAC system was a linchpin to the development of Bill 198. In Bill 198, we designed these pre-approved frameworks, we designed this request for assessment, and you needed a fast-track system to deal with these disputes. That is why we came up with the fast-track DAC process.

You've heard of some statistics that some stakeholders have presented. Some of these stats are flawed and misrepresent the system. For example, the industry has presented numbers of assessments costing \$180 million, \$220 million, and now the figure is up to \$300 million, and they blame everything on the DACs. DACs cost the system \$45 million in the past year. Insurance examinations make up over \$100 million, and there are other section 24 assessments that make up the bulk of the remainder. So unfortunately some of these statistics have been misrepresented to you and we wanted you to know what the facts are.

ADAC supports the work of the coalition in trying to find ways of saving costs in other parts of the system. We feel it's important that you have a neutral assessment system to answer disputes in a cost-effective and timely manner.

In conclusion, we remain committed to working with the government to maintain a neutral, arm's-length, expert peer review assessment system to ensure an appropriate balance between access to health care benefits and preventing excess in med rehab benefits.

1140

The Chair: We have time for about a minute per caucus.

Mr O'Toole: I've been pleased to meet you in the past few years when I did consultations on this issue. I'm hopeful there's some resolve to make it clear. I want to put on the record here, with the permission of my constituent, that Jacqueline Hurren, a constituent of mine, was in an accident on February 28, 2002. To date, she has had no resolve, an accident victim. She was hit by an impaired driver. I don't think it's a matter of fault, it's a matter of—she's been through what she says are unnecessary, needless and costly DACs and she's wondering why there is so much time and delay. Her accusation is there's a huge amount of delay in receiving treatment.

On speaking to people in the industry, this particular lawyer—I won't mention his name—says that some of the catastrophic impairment DACs cost as much as \$60,000. I've met with you. I believe there has to be a clearing house. What solution will you bring to the table so that those providing treatment and those providing

assessment are independent and indeed accountable to someone—the government, fiscal, whoever? That's really the problem here. I want the fast-track DACs and I want independence. We need a clearing house, we need a broker, and I understand that. How can you respond to that issue for the government?

Dr Guerriero: You hear anecdotal stories like this about cat-DACs costing—the majority of cat-DACs don't cost anywhere near that kind of amount. It's less than \$20,000. I sit on the minister's committee and we've looked at these numbers. The cat-DAC assessment is very complex. The cat-DAC assessors have to look at the definition of a catastrophic impairment. You have to look at different levels and you have to have different medical specialists doing the assessments. That's a very minuscule amount of the assessment process. What we were going to do was to bring the model of the fast-track DAC process, the staged focus assessment to the other types of assessments and streamline those other types of assessments.

As for the timelines in receiving results, like I said, the new staged focus model attempts to achieve a more timely result in getting your reports because it deals with fewer assessors in a more timely manner. We've implemented quality management procedures to improve the timelines especially.

Mr Kormos: You guys have been taking a real beating. I don't know if it's justified or not. I mean, we had one dough-head in the Legislature just last week talk about a \$25,000 DAC assessment to determine that a woman needed a front-hinging brazier. It's always a friend of a friend of a friend kind of story, right? It's like the abduction attempt that happens once a season, every time you talk about a mall or a plaza in small-town Ontario. It's those kinds of urban mythologies.

You talked about misrepresentation. Mr Smitherman was one of your critics before the election, wasn't he, before he became minister? Was he accurate in what he was saying about DACs being the source of all these high costs of premiums?

Dr Guerriero: Unfortunately, I never had an opportunity to speak to Mr Smitherman. I was away on holidays at that time. Sure, he was inaccurate with his numbers and the fact that we were the cause of the problem. These are—

Mr Kormos: Did he misrepresent the numbers?

Dr Guerriero: Pardon me?

Mr Kormos: Did he misrepresent the numbers?

The Chair: You've asked your question.

Mr Kormos: Well, I've just asked a supplementary.

Dr Guerriero: I just said the numbers are accurate as provided by FSCO. The represent \$45 million. But we're the referee in the system. Nobody likes the referee. Taking the referee out of the game will cause chaos. It's ridiculous. People in the DAC system are the medical experts who provide opinions.

The Chair: Thank you, and we move to the government caucus. Mr Colle, very brief.

Mr Colle: The previous deputant mentioned this GTA gap on claims and the costs of medical claims being made. Since you have DACs right across Ontario, have you noticed this gap we talk about, where basically it seems to be a different culture of claims and opportunistic claimants in the GTA or the rest of Ontario? Does that exist, according to the DAC data that's kept?

Dr Guerriero: Could you elaborate on what you mean by this gap?

Mr Colle: Basically, you're saying there seem to be more claims proportionately—medical rehab etc—in the GTA than in the rest of Ontario. The consumers' association of Ontario made that presentation. In terms of the DACs in every part of Ontario, is there any difference that the DACs have noticed between the GTA—the level of claims, number of claims, the amount of DACing that takes place in the GTA as opposed to the rest of Ontario?

Dr Guerriero: I would estimate that there are more DAC assessments that take place in the GTA, just based on—there are more people in the GTA. We still see people in the outer regions of the province. What this is due to—this is why collecting data and having the right data is important, so you can make good policy.

The Chair: Thank you for your presentation this morning, gentlemen.

ONTARIO PHYSIOTHERAPY ASSOCIATION

The Chair: I would call on the Ontario Physiotherapy Association. Good morning. You have 15 minutes for your presentation. That can be made up of a presentation and questions if you so wish.

Ms Signe Holstein: My name is Signe Holstein. I'm representing the Ontario Physiotherapy Association. On behalf of the 4,500 physiotherapists across Ontario who are members of the association, I do want to thank you for an opportunity to speak to Bill 5. The time is short, so I intend to keep my remarks short.

Our members fully understand and sympathize with the motivations behind Bill 5. We all pay auto insurance premiums too and we understand the need to keep the spiralling costs of automobile premiums under control.

For those of you who are new to this subject, physiotherapy actually was the first organization to agree to a first-ever fee schedule and utilization guideline with the insurance industry, and did that back in 1996. We did this because we recognized the need to work together to develop solutions for the constituency that we both share, namely people who are injured in motor vehicle accidents.

Perhaps a measure such as Bill 5 is the necessary shock to the system, but perhaps there's no time to do anything else. Having said that, we do have misgivings about the unilateral approach. In the first place, physiotherapy, together with the health care professions that provide services in the motor vehicle accident stream have spent an enormous amount of time and resources over the last several years working with the insurance in-

dustry, developing a consensus, working with the government and other stakeholders to try to reach workable solutions to the problems that we all recognized in the system. The work resulted in a package of reforms that was announced by the previous government in July, and we think, in all honesty and good faith, that package would have addressed the issues, or at least would have gone a very long way to addressing those issues.

At a minimum, we think the package should have been given the opportunity to show what it could do, and we're more than open, as evidenced-based, best-practice practitioners, to look at evaluation and re-evaluation.

It was deeply regretted by us, therefore, when the previous government unilaterally announced a new fee schedule and other reforms on September 8. Unilateralism is not the way to get health care practitioners to throw their support behind an initiative, and health care practitioners' support is required if motor vehicle accident victims are to get the care they require when they require it.

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We also remember the impact of an analogous move 30 years ago by the federal government, namely wage and price controls. Wage and price controls created many structural anomalies throughout the supply chain. We are concerned that the same will happen under Bill 5. Those structural anomalies will impact disproportionately on health care practitioners who provide care to claimants, and will actually reduce motor vehicle accident victims' access to timely, quality and appropriate care.

The September 18 unilateral announcement by the previous government has already hit our profession very hard. Physiotherapists are expected to swallow a 30% reduction in the fees we can charge for treating motor vehicle accident victims. Over the past decade, health care practitioners have taken the brunt of periodic cost-cutting exercises, hospital downsizings and reorganizations, SARS and so on. Morale amongst physiotherapists is low, and many physiotherapists are feeling betrayed and hurt at this latest initiative. Despite that, they're struggling valiantly to provide the service that they believe the claimant requires.

Once Bill 5 is proclaimed, we urge this government to return to the path of developing consensus among insurers, health care practitioners, the government and other stakeholders in the motor vehicle accident system.

Moving to another issue, we urge this committee to propose an amendment to Bill 5. The amendment would mandate the establishment of an organization to collect, aggregate, analyze and publish data relating to the motor vehicle insurance industry. That organization could be part of FSCO, or could be somewhere else. It would have to be, however, a separate and independent body from the insurance industry.

This association has been pushing for such a capability since 1996, and we thought we had the agreement of the insurance industry to implement it. But it has never happened. As a consequence, we have the "dirty data" syndrome, where all stakeholders rely on data generated

by the insurers. It is beyond us how anyone can contemplate the development of regulations for an industry without having reliable and current data to work from. I'm sure you've heard comments time and again on the availability of good data to make these decisions.

Finally, we are concerned that Bill 5, in essence, caps premiums but provides no framework or direction as to how costs are to be cut. For example, we would like to see, even if only in a preamble, a statutory admonition that insurers must not cut costs in a way that impairs reasonable and fair access to necessary health care and other benefits. We are concerned that Bill 5, as written, essentially gives insurers carte blanche to do whatever they feel has to be done to cut costs. We are deeply concerned that the cost cutting will be done at the expense of service providers and their patients.

By way of example, we are concerned that insurers will put preferred provider regimes in place. Preferred provider regimes actually reduce access to health care and, in the long term, increase health care costs. We are concerned that insurers will, once again, begin to micro-manage cases and interfere in critically important health care decisions.

The administrative burden health care practitioners already face in providing services in the MVA sector is enormous. Attached to the copies of our presentation that we have given to the committee clerk is a comparison of the administrative tasks health care practitioners must perform in the MVA sector and the WSIB and private patient streams. That was prepared by one of our clinicians, in terms of her regular activity within her practice. We think that comparison speaks for itself and we are deeply concerned that the absence of guidelines will only make the situation worse in terms of insurer micromanagement and interference in health care decisions.

We are concerned that more patient care will be pushed into the already overloaded publicly funded system. We are concerned about customized policies that could short-change policyholders when they need medical rehabilitation benefits. We are concerned that the insurers have already begun to abandon the evidence-based, profession-specific guidelines that were developed to guide practitioners and adjusters. We are concerned that insurers will progressively develop a "one size fits all" approach that stifles our ability to provide patient-centred care.

That concludes my formal remarks. I would welcome any questions or comments.

The Chair: Thank you very much. We have time for one question. Continuing with that rotation, we'll begin with the NDP and Mr Prue.

Mr Prue: One question then. I'd like to go back to what you have written in the last paragraph on the third page: "For example, we would like to see—even if only in a preamble—a statutory admonition that insurers must not cut costs in a way that impairs reasonable and fair access to necessary health care and other benefits. We are concerned that Bill 5, as written, essentially gives insur-

ers a carte blanche to do whatever they feel has to be done to cut costs."

That's really what happened in October and November of this year; that's what's been done by the previous government. In terms of physiotherapists, what effect has this had and, if we go back to how much money you were perhaps making before this was done, how much will this cost to the system?

Ms Holstein: Will this cost to the system?

Mr Prue: I'm trying to empathetic, but I understand—I think you've been ripped off.

Ms Holstein: Yes, that would be fair. I think the problem we're having, and that a lot of us do have, is that it's difficult to quantify exactly where the money is being spent reasonably and fairly, because the data is not that clear at that point. We know that physiotherapists, yes, have had a 30% cut in the fee schedule that was set in 1996. That hasn't had an impact on practice. One of the concerns we have is that physiotherapists will move out of that sector and it will become more difficult for people to access care in the sector. Even within the sector, you will have to amend your practice to deal with the cuts and that may have an impact on the length of time. If someone is in the process it may have an impact on when they can access it. We know that pre-approved frameworks are built on early intervention, reassurance and return to usual activities as soon as possible. It's a key to getting these people back into their workplace, school and home. Anything that impacts negatively on that ability will increase costs in the long run.

The Chair: Thank you for your presentation this morning.

CANADIAN SOCIETY OF CHIROPRACTIC EVALUATORS

The Chair: I call on the Canadian Society of Chiropractic Evaluators.

Dr David Dos Santos: Good morning. May name is Dr David Dos Santos. I'm the president of the Canadian Society of Chiropractic Evaluators. Sitting next to me is Dr Rajwani. He's on the executive committee.

I'd like to start out by explaining a little bit about our organization and what we do. We're a not-for-profit, voluntary organization representing chiropractors who perform independent assessments and provide expertise to third-party payers, government agencies and the legal community in an expert capacity.

I'd like to congratulate this government on the introduction of Bill 5. We agree with the goals and initiatives of the government in attempting to stabilize auto insurance premiums and to also provide a framework for achieving further cost savings with further initiatives. We are also in agreement with the government's long-term initiative to evaluate the feasibility of allowing customized auto insurance plans.

I'd like to touch on the medical rehab sector for a minute. We feel that there are lots of different cost-drivers to the auto insurance system, and the problems in

auto insurance are not just in auto insurance, as you're well aware, but they're systemic to the whole insurance industry. One of the things that we've heard in the past is that med rehab is a major cost driver. With the introduction of Bill 198 there was an attempt to address some of these concerns. There were initiatives taken to address the cost of assessments. There were initiatives taken to the cost redundancy of assessments and also to achieve cost savings in med rehab with the introduction of pre-approved frameworks. We were fully in agreement with those.

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We will work with this government to achieve further cost savings, but we would like to point out that it shouldn't be solely on the backs of the med rehab sector. The other sectors have to be looked at at this point so that there is an equitable balance of cost savings throughout the system. At the same time, we encourage that injured claimants be allowed access to the health provider of their choice, at the same time allowing for a neutral, independent, third-party assessment system. To date, the DACs have fulfilled that role. We encourage that there be maintenance of some independent referee within the system.

You've heard from some of the other groups that have spoken this morning about the fee schedule and the imposition during the last election. We would concur with some of the comments made, that it was passed in the midst of an election without any sort of consensus-based or collaborative process. The fee schedules that were in place prior to that were brought in in 1996. They were brought about through negotiations with the insurance industry. There's been no change to the fee schedules since 1996. There's been no increase in rates.

The last point I would like to touch on is the critical need for valid and reliable data so that any future policy decisions are based on accurate numbers, so that there can be sound policy that is put in place for development of any future legislation.

The Chair: Thank you very much for your presentation. We have about three minutes per caucus. We start with the official opposition.

Mr Barrett: You indicate that 70% of total savings are coming from the medical sector or the rehabilitation sector. You've identified tort as a significant cost driver. Working with the industry, within the industry, with the companies, what other suggestions would you have for insurance companies to achieve savings in their way of doing business, their administration?

Dr Dos Santos: Working within the system, we do see inefficiencies with the insurance carriers. We see that there could probably be better ways of claims handling. There may be other areas that could be looked at. Transportation costs have been one area the insurance carriers have expressed as a potential cost driver. Perhaps as a by-product of the introduction of the pre-approved frameworks, there could be some reduction in allowance for transportation costs, things like that.

Mr Barrett: We understand the number of accidents has been falling, but premiums are going up. Any further comment on why this is occurring?

Dr Dos Santos: My understanding is that there was a change in how that was derived. I believe there was a re-setting of the actual amount of what would constitute an accident as far as vehicle damage is concerned. That may affect some of the statistics.

The Chair: Mr Prue for the NDP.

Mr Prue: You are saying much of what has been said by previous witnesses: the health care professionals are bearing the brunt of any cost reductions, savings to the system in the last year or so. I asked them whether or not there would be long-term savings if they were allowed to go back to the former fee schedule and simply do their jobs right. Are you of the same view?

Dr Moez Rajwani: One of the major changes that Bill 198 made was the pre-approved frameworks. A lot of the increased cost in health care benefits were happening in uncomplicated type injuries in the first few weeks. I think that was appropriately addressed with the pre-approved frameworks with set fees. The challenge became, after the pre-approved frameworks were established in a consensus-building mode, there was a fee schedule imposed after the fact, which actually reduced the fees of the pre-approved framework along with hourly rates. I think that health care professionals who agreed with the pre-approved framework would have been able to work within that framework and provide cost-effective and appropriate health care to bring injured patients back to their pre-accident level. It was the second restraint that really challenged everybody in their environment, because the first was based on consensus, with the coalition working together with that, and the second came in an arbitrary manner. If we had kept with the original mandate of the pre-approved framework, I think you would have seen cost savings with the original fee schedule.

Dr Dos Santos: The other thing I'd like to point out is that one of the issues the insurance industry raised was that the major cost driver within the med rehab sector was the cost of assessments. Under section 24 of the previous act, the insurer was required to pay for all reasonable assessments. There were no checks and balances, or there were very limited checks and balances. Now, the introduction of the fast-track axe is a cheap way of screening for whether the assessments are reasonable, and we anticipate it will achieve cost savings in that area.

The Chair: Thank you. We'll move to the government caucus.

Mr Colle: One of the things that's perplexing a lot of people in this whole area of auto insurance and medical benefits and coverage is, if I hurt my neck coming out of my house, I go to the family doctor or to the hospital and it's covered by OHIP, right?

Dr Dos Santos: Partially covered.

Mr Colle: Or I can go to the chiropractor, right?

Dr Dos Santos: Or a physiotherapist.

Mr Colle: But I go through OHIP; I can't go into the auto insurance medical system. If I hurt my neck in a car, then I go into the auto insurance medical system, right?

Dr Dos Santos: Right.

Mr Colle: And there's a different rate. So if I hurt my neck in a car, what's the charge for the treatment a professional would give?

Dr Rajwani: Just to clarify that, if you are in car accident, you would still go to your family doctor, who would assess you through the OHIP system. The added cost the family physician may charge you is for the paperwork that is involved in terms of filling out forms etc. They would then refer the person, just like when you slip and hurt your neck at home, to a physiotherapist or a chiropractor, and there are both systems. There's an extended health care system, where a physiotherapist or chiropractor would treat through a private system, and there's partial coverage by OHIP for chiropractors and in hospital settings and with certain OHIP clinics for physiotherapy. So even slipping and hurting yourself at home or straining your neck is not fully covered by OHIP. There's partial coverage through OHIP. If you require extensive services, patients either pay from their pocket or their employer benefits may cover—

Mr Colle: What if they don't have any money in their pocket and don't have insurance at work? They still have to pay for it through OHIP basically. They get what OHIP gives them.

Dr Rajwani: Yes, they do.

Mr Colle: Then we have a third type of health care system. If you get hurt at work, you have a third health care provider system under WSIB, right?

Dr Rajwani: Correct.

Mr Colle: Another rate scale. So you've got three different charges at three different levels for what might be the same injury, but depending on where you get hurt, a different fee kicks in.

Dr Dos Santos: The numbers with those fee schedules are somewhat misleading. Our professional fee guideline does not account for charging per hour, and the fee schedule that's been imposed in the last election was an hourly rate. Basically, most health care professionals charge per service. So it's somewhat misleading to look at a comparative number.

Mr Colle: But I'm just saying it could be the same injury—

The Chair: Mr Colle, your time has expired.

I want to thank you for your presentation this morning, and to all presenters in the room, thank you for your presentations.

For the committee's notice, our first presenter will be in at 4 o'clock this afternoon, and I would ask you to arrive promptly. This committee is recessed until 4 o'clock.

The committee recessed from 1209 to 1602.

The Chair: The standing committee on finance and economic affairs will come to order.

Mr Kormos: Quorum.

The Chair: A quorum is not present. I would ask for a recess.

The committee awaited a quorum.

The Chair: Members of the committee, not seeing a quorum, I will have to adjourn the meeting.

The committee adjourned at 1607.

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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 16 December 2003

Journal des débats (Hansard)

Mardi 16 décembre 2003

Standing committee on finance and economic affairs

Automobile Insurance Rate
Stabilization Act, 2003

Comité permanent des finances et des affaires économiques

Loi de 2003 sur la stabilisation
des taux d'assurance-automobile

Chair: Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Tuesday 16 December 2003

Mardi 16 décembre 2003

*The committee met at 1001 in room 151.*AUTOMOBILE INSURANCE RATE
STABILIZATION ACT, 2003LOI DE 2003 SUR LA STABILISATION
DES TAUX D'ASSURANCE-AUTOMOBILE

Consideration of Bill 5, An Act to temporarily freeze automobile insurance rates for private passenger vehicles and to provide for the review and regulation of risk classification systems and automobile insurance rates for private passenger vehicles / Projet de loi 5, Loi visant à geler temporairement les taux d'assurance-automobile dans les cas des voitures de tourisme et à prévoir l'examen et la réglementation des systèmes de classement des risques et des taux d'assurance-automobile les concernant.

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will now come to order.

Ms Judy Marsales (Hamilton West): On a point of order, Mr Chair.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Point of order.

Ms Marsales: My point of order first, please.

The Chair: Yes, Ms Marsales.

Ms Marsales: I'd like to start off by apologizing on behalf of the government caucus members to the presenters who were scheduled to appear before the standing committee yesterday afternoon. All members of the government side sincerely appreciate the time and the effort to compile the information and to appear before this committee.

I'd also like to take this opportunity to thank the standing committee members of the opposition and the third party and the government members for holding, after the adjournment of the meeting, an ad hoc informal meeting, at which time we not only listened to all of the various presenters, but we also entertained questions. I think it demonstrated a sincere interest on our part in the various points of view and perspectives of the people presenting.

Lastly, I would also like to offer an apology on behalf of my colleagues who were absent from committee yesterday afternoon to the members of the standing committee who were in attendance. Let the record show that the members of the government caucus truly value and respect the work of the standing committee and what

they contribute to the legislative process. As it is an important process, I would like to move for the record that the written submissions of the groups that were scheduled to appear yesterday be tabled with the clerk of the committee.

The Chair: Is there unanimous consent of the committee to table these pieces of information? Carried.

Mr Barrett: On a point of order, Mr Chair: I concur with the regret that we have that stakeholders did take the trouble to prepare submissions and to come before this finance committee, which is televised and recorded for Hansard. The responses from the members around the table and the questions to the various delegations at the witness table are also recorded for Hansard.

This is a very important piece of legislation with respect to insurance rates. I regret the fact that this committee turned its back on stakeholders who did take time out of their busy schedules. I would make a motion to allow those delegations who are interested—I certainly was here for the afternoon, as were other members; you weren't here, Chair. The Insurance Bureau of Canada testified; the Canadian Automobile Association; a very interesting presentation on fraud from the Toronto Transit Commission, which elicited a considerable amount of discussion from members. That discussion regrettably was not recorded in Hansard. I would make a motion to allow those delegations who so wish to return to the witness table. They did not have an opportunity to make their case, to have it recorded electronically and I make a motion that we allow those delegations to return to the witness table.

The Chair: Do I have unanimous consent for Mr Barrett's motion? I heard a no.

Mr Bruce Crozier (Essex): Just a point of order, Mr Chair: Obviously the clerk has advised you that that can be done, but I just question how that works then if there was a motion of the House for us to sit at specific times for specific reasons. Not that I'm opposed to what is being said, I'm just saying, can we have an explanation of how that works in the process?

The Chair: I would ask the parliamentary assistant if he has any comment that we would be doing clause-by-clause this morning, and if that is so, would we be able to entertain persons in the afternoon? That is also assuming that clause-by-clause would be finished this morning. Do you have any comment, Mr Colle?

Mr Mike Colle (Eglinton-Lawrence): First of all, we are more than willing to have those written presentations entered into the record. I think all the presenters who were here yesterday had written submissions and they are going to be included in the record. If there is time permitting, I guess that's for debate of the committee, whether they want to ask the same presenters who were here, who have made written submissions, to come back again.

Given the short time frame here, I really don't know how it would be feasible to get them to come in because we don't really know how long the clause-by-clause is going to take. It's certainly very difficult to predict. Then to ask them to come back to be on the record and given that who knows how long the clause-by-clause will take, how can we predict time for them to come and make presentations given the programming motion, the time limitations?

Mr Gilles Bisson (Timmins-James Bay): Just a couple of things: First of all, I don't understand how an entire government caucus could miss a committee meeting. I find that interesting. The opposition party and the third party were able to be here, so I think at the very least we owe those—

Interjection.

The Chair: Order.

Mr Bisson: The last time I checked, I had the floor, thank you.

I fail to understand how that happened, but nonetheless we're in an awkward position because if the suggestion is that we entertain presentations this afternoon after we've done clause-by-clause, what's the point of hearing them? The whole idea of committee hearings is to hear what the public has to say, reflect on those comments made by the presenters and then, if possible, from there, if we see fit, as a committee to make amendments at the clause-by-clause session.

I think the only way you could do this is to, first of all, deal with any extra presenters we may have whom we want to deal with prior to ever getting into clause-by-clause, otherwise it's a bit of a farce. It's allowing them to come and present, knowing full well there are not going to be any amendments to the bill that any presenter may or may not want to put forward to this committee.

The Chair: I've been informed that the presentations are being photocopied now.

Mr John Wilkinson (Perth-Middlesex): To Mr Barrett's point: The first thing we dealt with this morning was that all of the presentations yesterday by unanimous agreement of this committee are being put into the record. You did say that it's an unfortunate situation that this happened, but the presentations that people made they actually read from their prepared text. We were here and read along with them, and now that that forms part of the record of this committee—because we all agreed to do that—I think that concern has been addressed, sir.

As well, we have clear directions from the House as to how this committee is to deal with matters, notwithstanding glitches and mistakes, so, with respect, I think your concern has been addressed by reading all of this

into the record—which is happening—and that we should be going back to what the House directed us to do today, which is clause-by-clause.

1010

Mr Barrett: My concern has not been addressed. Granted, much of the presentation did follow the written briefs that were passed around, but what's very important, I think, is, as members of this finance committee we all realize we are here representing hundreds and thousands of people, and what we have to say as government members, as opposition members, is part of these deliberations.

I had some very important things that I did wish to get on the record on behalf of several interests that I represent in the trucking industry. I recall having a very interesting back and forth with the Insurance Bureau of Canada. They reflected on what I had to say with respect to trucking companies that are going under, are moving to the United States. The Insurance Bureau of Canada wasn't aware of that. The presentation I made was not recorded electronically. Give and take, their responses to not only my questions or my comments but questions and comments from around the room were not captured yesterday afternoon.

We only received one submission yesterday, which has gone to the clerk. I think that highlights my point as well: Other than the presentations that were handed in as people made their case, there is very little written material available to this committee, given the very short timeline that we're operating under.

Now there may be an opportunity for those on this committee to reiterate their several points. We have the schedule from yesterday that we made. I certainly want to make the case for Hansard on behalf of the number of truckers who have seen their premiums doubled. Whether that can be accommodated—

I regret that when I made this motion, I did hear a “no” from the government side. I acknowledge that.

The Chair: I have Mr O'Toole.

Mr John O'Toole (Durham): Thank you again. It is an unfortunate administrative issue that is really part of the broader attempt to time-allocate a very bundled up series of bills. This committee has had too little time to deal with a very large topic.

Even the bill itself in any substance, as we heard clearly from the presenters—I'm pleased to support the idea that the input received, even when this wasn't a duly constituted committee will be part of the transcription of proceedings here.

I'm agreed that, the way the standing orders have bound us to a certain time allocation motion, we are going to be doing an injustice to this committee, primarily because of the scope of the terms of this committee dealing with Bill 5. Mr Barrett has mentioned just one item, which was substantive input from other presenters dealing with catastrophic injury and the whole idea of DACs and what's the future for the unregulated health professionals that we heard from, the psychologists and others.

It really is a sham, and you, as new members, should be embarrassed to—I know you've apologized, but if you look back, as to the next time they time-allocate and bundle up a bunch of bills with no time for public hearings, if you recall, for the record is this: Technically we didn't deal with this until Thursday. By the time it was posted, there was no time to advise the stakeholder groups. In fact, I'm surprised that none of the litigation community ever appeared. I tried to call the law society and others myself; this is a record. They were not aware of it.

There's much to deal with this in the courts on plaintiffs and actions in the court that we have not heard anything about. Yet we know it's one of the cost-drivers in the attempt to achieve settlements.

I guess because of the limitations and restrictions placed on us, we have no alternative but to go ahead. I just want that to be part of the record. I'm disappointed and in that respect, because there hasn't really been a consultation—even the industry itself has until January 23, if you read the bill, to actually apply for the rates.

We also heard of the importance of rates and rate filings. Rate filings and actuaries cost hundreds of thousands of dollars, and until this bill is passed, they really don't have any certainty as to the extent of the changes and implications for the policyholders. It reminds me of freezing the electricity rates, technically, and the costs are going through the roof. Where is the debt going to accumulate? It's going to accumulate to the premium payers. That's who it is going to accumulate to.

It's an unfortunate box we're in and I guess you'd have to look to the government. This early in their mandate they've made a serious attempt in an undemocratic way—and I stress that because it should come up under Michael Bryant and Caroline Di Cocco's discussion on democratization. Those are my remarks.

Mr Colle: Again, just to be clear, first of all, to Mr Barrett's point, this bill does not deal with trucking; it deals with automobiles only. Second, there's nothing to stop him from commenting on anything he wishes, whether it's trucking or others, as we go through clause-by-clause. He can certainly put that on the record all day today.

To the point about public hearings, let it be duly noted that the Conservative government previously, which had two major insurance bills, Bills 59 and 198, had no public hearings whatsoever, no committee hearings whatsoever. All the negotiations and discussions were done in secret. So for the member of the previous government to talk about democracy—talk about the fact that they essentially precluded any hearings whatsoever on major bills of great significance.

This is a very focused bill, in essence allowing us to proceed with a 10% rate cut. That's what it's about. By delaying this action, you're basically delaying the implementation of some kind of stability to the auto insurance premiums that the people of Ontario want us to do something about. That's the focus of this bill. It's enabling the superintendent of financial services to have the power to

begin the freezing of rates and implementing a 10% reduction in the rates. So that's what the focus is. If anyone else wants to put on the record today whatever they want to put on, they're free to do so.

Second, we have the written submissions of all the deputants from yesterday. They are detailed with background information and they will be put on the record. They were listened to yesterday; they were never listened to in public during the last government, which refused public hearings on bills that were much more wide-ranging than this bill, which is very narrow in focus. They had no public hearings, committee meetings whatsoever, never mind clause-by-clause. They had no public input. They did it behind closed doors.

Mr Wilkinson: I find it odd for the member for Durham, who I have the greatest respect for, to publicly, on the record, state that somehow this process is a sham and it's too fast, when what we're dealing with is government motion number 10, the programming motion, which was agreed to by the members of the opposition. All of them stood in their place and said this is the way that we will deal with this legislation. So to come in here and say that somehow this process is flawed, I would suggest he may want to talk to his leader and the whip because it's a matter of record that the opposition was completely and unanimously in agreement that this is how we were going to deal with this bill today. I just found that odd.

Mr Bisson: Well, I've got four things. Just to the last point, I find it a little bit ironic that the Tories are protesting at this point, because they're the ones that negotiated this programming motion that we find ourselves in committee with today. However, I do understand, once you move from government to opposition, your view on time allocation changes, and I take it we're seeing a conversion on the part of my good friends who are now in the opposition.

1020

Mr Michael Prue (Beaches-East York): It's taken four weeks, but it's working.

Mr Bisson: Four weeks; they're starting to get it, that time allocation's a bad thing. I just want to say I believed in government it was a bad thing and I believe in opposition it's a bad thing. That particular comment is that if the Conservative caucus is unhappy about the amount of time we've got in committee, I agree with them, there should be more time in committee, but you should have never agreed to a programming motion in the first place that time-allocated this bill. So on that point, I don't think there's much of an argument.

The other thing I want to say just quickly—I'm not sure I'm convinced at this point—is that I'm hoping there will be more time for committee hearings, the most important work we do in this place. For those of us who were around at the time, we used to have committee hearings; there certainly were hardly any in the last mandate of the Conservative government. There were some in their first term, and there certainly were with New Democrats and with Liberals before under Peterson. Committee work quite frankly is where most of the work gets done

in this House. I'm just hoping that this government sees fit to re-give committees the type of authority they need to deal with bills. But, more importantly, if government members or opposition members in dealing with a bill find that there should be an amendment made, they don't take the position of the former Tory government, which was that even if the amendment made sense, they'd vote against it because it wasn't theirs. I'm hoping at least that the government doesn't go that way. However, I'm hopeful, but I'm not convinced.

On the other point, to the parliamentary assistant, before I get to the last point, you mentioned in your comments, Mr Colle, that this bill is about giving people a 10% rate cut. This doesn't do that. This bill freezes very badly, if anything, insurance rates at what they are.

Mr Colle: I said it gives the superintendent the ability to bring about the 10% rate cut.

Mr Bisson: Well, this particular bill, to be clear, doesn't spell out that there will be a 10% rate cut. What this bill spells out is a mechanism by which your government is attempting to freeze rates. But as we've pointed out in section 6 of the bill—it's pretty loosey-goosey as far as language—any insurance company can get an increase on almost anything.

Nonetheless, Mr O'Toole—or I forget who it was—raised the issue of the trucking industry. I just want to say I totally agree. I think we all agree as members that the trucking industry is hostage to the insurance companies no less, and probably more so, than individual owners. To that point, I have some amendments. Unfortunately I was not able to be here before 9 to file those amendments as I was caught up with something else, and I'd ask unanimous consent that I be allowed to table the amendments so we can deal with them at the proper time. At this point, I'd ask for unanimous consent to table the amendments that I have on the trucking industry.

The Chair: Agreed. Are you finished?

Mr Bisson: Yes, that was all I wanted.

The Chair: Mr O'Toole?

Mr O'Toole: Thank you very much, Chair, for allowing us to try to deal with this in a proper, considered manner. I just want to refer back and correct the record on a couple of issues. For the record, there's been consultation on auto insurance, as Mr Crozier, Mr Colle and others would know, since 1988. There have really been three regimes of auto insurance reform, one of which of course was the NDP Bill 164, which was a pretty profound change in the no-fault approach to insurance. There were consultations on Bill 59, as well as Bill 198. In fact, there is a public document which was sent out and broadly distributed.

Mr Colle: There weren't committee hearings.

Mr O'Toole: There were very broad consultations. In fact, there was a series of questions which precipitated some amendments to not only statutory accident benefits but the motor vehicle accident victims fund and other aspects of insurance that are quite technical and industry-specific and, in that respect, those consultations are all part of a public document which led to Bill 198, which

was a refinement of those scheduled entitlements. I want to make sure that although Bill 198 was a larger bill involving more financial measures than just the insurance bill, it was a government bill—a budget bill, technically.

With respect to the programming motion, the second part of my concern here, whether or not we file a report from this committee, it will be deemed to have been presented. So in that respect, quite honestly, it disempowers this committee. We don't have any power. That's really what it says. Even if we don't do anything, you're going ahead with it. In fact, I'm going to put on the record that I'll be surprised, as I tried on Bill 2 last week to move a very reasonable motion with respect to retroactivity, and it was denied by the government members only—the NDP, to their credit, Mr Prue, voted against the bill, but voted for that amendment. That's important to recognize. If the committee is prepared to deliver and receive, I think it's only fair that the insurance industry and other stakeholders should be given appropriate time to be invited to present to this committee. Given that the programming motion will deem this to have occurred, we could sit here, rather than just go through the blah, blah, blah, clause-by-clause review, and actually hear input.

I'm going to ask Mr Colle if he would consider that we take a small recess and attempt to call presenters either for this afternoon or tomorrow. I'm prepared to sit and listen to real input, and I believe that all honourable members around here really do want to receive proper input. My first request here is to move for a small recess so that we can actually caucus, without being whipped, to see if we can come to some consensus to encourage further and protracted input on this bill this afternoon and tomorrow, to show respect to the stakeholders as opposed to some lump of photocopied paper, that some of the members may be busy on other things and may not be able to review.

With that, I'm moving that we take a 15-minute recess to caucus.

The Chair: Mr O'Toole, are you making an amendment to the prior motion?

Mr O'Toole: This would be an amendment to the standing committee's report, which I should put on the record as well. Here are the timelines we had to deal with: We had the programming motion, and the minutes of the subcommittee, which I believe were released on the Thursday. Committee members would provide their list on Thursday, December 11, by 4 o'clock. We had a couple of hours. There were about 12 presenters. The witnesses would have 15 minutes. The 15th—that's yesterday—was to be hearings, public input, and then we had to have the amendments. We sat until 6 o'clock, however disorganized that was, and we had until 9 o'clock this morning, with the assistance of leg counsel, Catherine Macnaughton, to actually draft meaningful amendments. We've already heard from the NDP that because of other commitments of staff etc—they have no research budget, because of your unwillingness to recognize the work they do, to draft amendments with

respect to issues they felt weren't being addressed in the bill.

The Chair: Mr O'Toole, your amendment to the subcommittee report is a different amendment than the one we have on the floor now. So we'll deal with the first one.

Mr O'Toole: Which is to receive the input.

The Chair: The original motion was to seek unanimous consent to hear witnesses this afternoon. That's what we're talking about. Then we can move to yours after.

Mr Bisson: Just to add to that very quickly, I wanted to hear back from the parliamentary assistant on my first comment. I understand the want to be able to hear from the people who actually want to be here to present. However, there's a difficulty in hearing after we've done the clause-by-clause. How are we ever going to amend the bill if we've done the clause-by-clause this morning? We'd have to reverse the order somehow, which means we'd have to extend these hearings into another day. I don't know, technically, how you can do that.

The Chair: Would the parliamentary assistant care to comment?

Mr Colle: Given the programming motion that we've received, we're to deal with the clause-by-clause today. I can't see how we could change that.

I should also mention that it's beyond belief that the member of the opposition talks about stakeholders and giving them a fair hearing. They had two of the most significant bills on insurance, Bill 198 and Bill 59. They didn't allow one stakeholder to present to a committee. They didn't allow one amendment. They didn't allow any kind of questioning in the committee or any presentation. They invited nobody to come to committee because they had no committee hearings on the most significant changes in insurance in the last decade. For them to say that this programming motion and this committee are in any way not allowing input, compared to their record, which was basically closing the doors and doing all their insurance legislation behind closed doors, in secret, is such an abomination. Remember, there wasn't one amendment, not one clause-by-clause discussion, not one public deputation when they were in power.

1030

Just look at the record of Bill 198, Bill 59: zero public input, and they changed everybody's insurance from top to bottom with no committee whatsoever. At least here, given the fact that they agreed to this schedule and they agreed to the subcommittee report—and second, we have agreed, given the request by the third party here, to bring forth their amendments because we think they're worth looking at and discussing. They never allowed any amendments, as I said, when they did two major bills, which is a denial of everybody's right to be heard on car insurance. Now they talk about us doing something that they did non-stop for eight years. It's really appalling that they should even dare to mention that.

The Chair: I want to bring some clarification to a point the parliamentary assistant made. In the program-

ming motion, which I'm reading from, part 3, "The standing committee on finance and economic affairs shall meet for two days at the call of the Chair for the purpose of public hearings and clause-by-clause consideration of the bill...." It was the subcommittee that determined how we would deal with that statement, and the subcommittee determined, and this committee sanctioned, that we would have hearings yesterday and clause-by-clause today. That is how that came to be. It was through the subcommittee.

Mr Crozier: Just to point out, on the schedule yesterday there were seven deputants listed to appear. We're talking about having them come back. This may be a rhetorical question, but has anyone even approached them to see if they could come back today? We may be talking about something that wouldn't be possible anyway. So I suggest that the most effective use of this committee's time is just to simply get on with business.

Mr Wilkinson: Again, we need to put this on the record; because I am surprised. There must have been a conversion on the road to Damascus in regard to the member for Durham. I look at the Hansard from Thursday, December 4, when we were dealing with this programming motion, and I see that just before we voted for this, which we all voted for, both on the government side and the official opposition side, "The debate continued and after some time, Mr O'Toole moved under standing order 47 'that this question be now put,' which motion was carried on the following division." Then I look at the vote itself. I know that other members of this committee were there, including Mr O'Toole, who agreed that this was how we were going to deal with it.

The House has been very clear to us, Chair. Today we are to deal with clause-by-clause. I would caution all the members of this committee that we should not thumb our nose at the House, which is the group that empowered us to be here today, and somehow decide that we can come up with our own rules. I would respectfully urge that we get down to the business of the day as agreed to—and, I might add on the record, by the members of this committee, including the members opposite, except for Mr Prue, who on the record voted against it. But the vote was carried 37 to 5. I think that would be a very strong indication of the will of the House.

Mr O'Toole: I don't know how beneficial this discussion at this point really is.

Mr Colle: I guess so. You just contradicted yourself.

Mr O'Toole: No, Mr Colle, with all due respect, here's what I'm trying to say. I saw the futility in the House. When I moved that the question should be put, I knew after some consultation and with the greatest respect for the members of the government that it was futile. You weren't prepared to listen. Even the tone and the timing within the time allocation or the programming motion was such that it was like a David-and-Goliath struggle. It really was, you being Goliath.

Mr Prue: Then they took away the slingshot.

Mr O'Toole: Yes, then they took away our slingshot.

Mr Colle: You had a chance to vote against it.

Mr O'Toole: We did, by the way. What I want to say here, though, is that I think we've got a motion here that will deal with part of the input that we received out of the formal committee. But I am still going to move another consideration for the committee, which would allow us to—

The Chair: Can we stay with the original motion and keep that in your mind, Mr O'Toole, for another point?

Mr O'Toole: I just want to put it on the record maybe twice, once now and once later. But the other one would be that we would actually take the recess, because the motion in the House could be purely an agreement of the House leaders to allow the extension of time for this committee to hear substantive input not only from the truckers but from other stakeholders in the community. All we'd have to do is have consent here of this committee for us to take a recess, talk to our whips, talk to our House leaders—you should probably just talk to your whip, because they'll tell you what to do anyway. Maybe I should just call the whip, because basically you'll do what the whip says. I understand that. I've been there; I've done that.

Mr Colle: You sure have.

Mr O'Toole: But now it's your turn to really show democracy in action. This is an open opportunity for you to reinvent government. Anyway, we'll have more to say when that motion comes up.

The Chair: We have a motion seeking unanimous consent to hear witnesses this afternoon. I heard a no.

Mr O'Toole: Can we have a recorded vote?

The Chair: Not on unanimous consent. Now then—

Mr O'Toole: Mr Chair, you don't have unanimous consent.

The Chair: That's right.

Mr Colle: That's right. So you're denied. You asked for unanimous consent.

The Chair: I have an amendment from Mr O'Toole to move a recess subject to the provisions of the subcommittee report. Is there unanimous consent to reopen the subcommittee report? I heard a no.

Now, you just made one here in the last few minutes, Mr O'Toole, seeking a recess for persons to meet with their respective House leaders for 10 minutes. Is there unanimous consent for that motion? I heard a no.

Mr Crozier: I didn't know we had to vote on it.

Mr Prue: You have to vote on the recess.

Mr Crozier: Under the standing orders, you can call for a recess.

Mr O'Toole: I didn't ask for unanimous consent. I did not use that term.

Mr Crozier: You simply ask for a recess and we recess.

Mr O'Toole: I said because there were motions on the table already, it was inappropriate to actually move a motion for a recess.

The Chair: I'm advised that if Mr O'Toole wanted a recess, it would be 20 minutes.

Mr O'Toole: I move that we take a 20-minutes recess to caucus to see how to move forward.

The Chair: We are recessed for 20 minutes.

The committee recessed from 1038 to 1058.

The Chair: This meeting will now come back to order. Are there any comments?

Mr Barrett: I wish to put forward just a brief motion. Having spoken with our House leader and the Leader of the Opposition, again, given the fact that delegations and discussions were not heard and recorded, a motion to request an evening sitting of this committee.

The Chair: Your motion would be contrary to the programming motion.

Mr Wilkinson: It would also be contrary to the subcommittee.

Mr Barrett: I make this motion in the context of, during that subcommittee meeting, there may not have been an anticipation that this committee would crash as a result of lack of quorum.

The Chair: The House has deemed the committee may meet from 10 am to 12 noon, and again following routine proceedings until 6 pm on each of the two days. You couldn't overrule the House.

Any other comment?

Mr O'Toole: I just want to put on the record that I gather we've tried to open up public consultation, as Mr Barrett has just tried to extend evening sittings. We're quite familiar with the programming motion. For the record, it's important to note that that programming motion is the first in my almost 10 years here where they've wrapped three very substantive bills, Bill 2, Bill 4 and Bill 5, into one time allocation motion, which really bound the committee to such tight time frames that even well-considered members of the government might have otherwise been open to more democracy, dare I say.

We understand that our hands are tied. It's in the hands of the government and it appears they're completely unwilling to try and find a way to accommodate, even reflecting of their, I dare say, deliberate move to not have quorum yesterday, which was—

Mr Crozier: Oh, come on. Point of order.

Mr O'Toole: I dare say that—

Mr Crozier: On a point of order, Mr Chair: You're impugning our motives and that's just not right. You're wrong, as a matter of fact, but it's not right to impugn motive. I'm going to say that it's a little frustrating to hear you pontificate over there when we had to endure the same type of action from your government when it was in power.

The Chair: That's not a point of order.

Mr O'Toole: "The slings and arrows of outrageous fortune, or to take arms against a sea of troubles," and thereby end it. That's really all I'm trying to say, as was said by Shakespeare some time ago. But anyway, I relinquish my right to speak to this particular motion that's going to be defeated. Or so I gather.

The Chair: Any other comment before we move to clause-by-clause? We will now move to clause-by-clause. You have all been given another package that contains the motions as well. You have received the hard copy, the written copies, photocopies of submissions that

were made yesterday. They should be at every member's desk. Are there any comments, questions or amendments to any section of the bill and, if so, what section? Any comments or questions?

Mr Barrett: Do you go first or do I go first?

Mr O'Toole: They have the first section.

The Chair: No, I'm just asking if there are any questions or comments about the bill.

Mr Barrett: Yes, comments. I'll commence at the beginning with the title, An Act to temporarily freeze automobile insurance rates for private passenger vehicles and to provide for the review and regulation of risk classification systems and automobile insurance rates for private passenger vehicles. This came up in discussion with delegates, the issue that this bill does absolutely nothing for commercial vehicles, trucks, buses, whose owners and operators have been facing sky-high rate increases, in some cases forcing them to pull their rigs off the road for good. Many commercial operators do have difficulty getting insured at all at this point. This bill ignores that issue entirely.

We have a bill that doesn't apply to trucks, it doesn't apply to school buses, commercial vehicles. It doesn't freeze rates, it doesn't reduce premiums. The bill is little more than window dressing and kind of an addition to a litany of broken promises that we have seen over the last several months.

I did not have an opportunity to get this on the electronic record yesterday. I've received a submission which I could circulate to the committee members as well. It's from an operator, an owner, of a trucking company Burford way. I've certainly talked and have been approached by a number of other owners of tractor-trailers. These are people who travel across the Canadian-US border. They describe this as "a very scary situation."

This e-mail came from Jeff Bryan of Jeff Bryan Transport in the Burford area:

"In the past three years, our industry has seen astronomical increases in our insurance premiums.

"I myself have seen over three years my premium go from \$150,000 for 32 trucks to \$280,000 for the same amount of trucks."

At first thought, you would assume they've had some claims. I know I always ask this question when I talk to people who own these small trucking companies. As Mr Bryan says, "That is not the case. Our claims history is one of the best in the industry. We ... went as far as to self-insure all 65 of our trailers for fiscal damage and have a \$25,000 deductible on all our tractors. This year my broker has notified me that I should expect another 15% to 20% increase, and to make things even better," and I think he says that somewhat facetiously, "she also advised me that they want us to produce deductible escrow of up to three times my deductible. This will force me to lower my deductible in order not to be forced to give \$75,000 of my cash flow away. That \$75,000 would be what I would use in case of an accident."

It's like posting a bond, if you will, to the insurance company. Continuing to quote:

"I feel that the reason for these ridiculous circumstances is that there are only a very few insurance companies writing long-haul trucking in our province. My next best solution ... this year is to relocate our fleet of trucks to Tennessee where I do the bulk of my business ... and buy insurance where there seem to be more options instead of the two that are available in Ontario."

Again, I know the competition issue was raised by the mutual insurance companies in previous testimony before this committee. We heard this concern around monopolies from the people representing the taxicab industry in deliberations at the witness table, and I'm quite heartened to see that amendments will be coming forward today to address the issue of some of these problematic circumstances for those people who are attempting to get insurance on tractor-trailers.

Certainly for our side of the House, as PC opposition, we're aware of the cost pressures on the current auto insurance system and we remain committed to ensuring that Ontario continues to enjoy a healthy auto insurance marketplace, giving consumers competitive rates and choice. As a result of the previous government's 1996 reforms, rates fell, as we all know, by more than 12% up to the end of 1999 when, at that time, according to the regulator, rates began to go up again for a number of reasons: rising health care, vehicle repair costs.

Certainly during the election, people in my area were promised a 20% reduction. I will be asking my constituents, people who contact my office, to bring in their insurance bills in January to see if they have received a 20% reduction or not. We know there are other pressures worldwide: the impact of rising claims costs and, at one point—I don't know how significant it is—the issue of poor investment decisions. Obviously, we recognize that more work needs to be done for affordable insurance: dealing with fraud, rising claims, rehabilitation and, as we heard in testimony yesterday, the importance of the companies themselves taking a look at cost containment and new ways of doing business. Thank you, Chair.

Mr Bisson: I have some amendments that you know deal with the trucking industry. I understand the amendments, they're my amendments. I would ask unanimous consent that I be allowed to move those amendments when the time comes on committee, and to be able to debate those. As you know, there is a deal in the House this afternoon that will resolve this anyway, but technically I need unanimous consent to be able to read the motions into the record, to introduce them.

The Chair: I think we'll need to look at the standing orders as they come from the House in terms of your request.

1110

Mr Bisson: Just for the record, just quickly, as you know, there have been discussions between the government and New Democrats over the last couple of days. There will be a motion read into the House this afternoon that resolves all of this as far as being able to do what I'm asking to be done now, so it's a bit of a no-brainer.

The Chair: Mr Bisson, you cannot use unanimous consent in order to acquire something that has been deemed by the House.

Mr Bisson: All right. Then I'll have to get my colleague to do that for me. Just let me put on the record right at the beginning that the amendments that I bring forward—and I'm going to have to sneak away at one point because at 11:30 I have another follow-up meeting regarding what I talked about.

The members of the government, I'm sure, understand this as well as I do, and the Conservatives do. We all have the same problem. We have trucking industry people in our ridings, either independents or brokers. They're being whacked with high trucking insurance rates. In the riding that I come from, the trucking industry in the central northern part of my riding, up around Hearst, Kapuskasing, Timmins, is primarily for the woodlands industries. Most of those people are independents, with one or two trucks. They've seen their rates basically go up by 300% and 400%. A number of them have had to close up. A number of them have had to get rid of their trucks and get out of the trucking industry altogether because they've not been able to afford the increase in rates. God forbid if they should get into an accident; it's even worse. Everybody knows it's pretty hard, with the amount of miles put on every year on the part of a trucking company, to have no accidents whatsoever.

First of all, on the part of the independents is one of the reasons I bring this forward. But I just want to tell you very quickly the story of one particular broker in Val Rita. Val Rita, you'll know, is the bedroom community of Kapuskasing; it's just north of Kapuskasing by about three or four kilometres. Within that community, the largest employer is Parent trucking, owned by Muriel Parent and her husband and family. What's happened there is that originally, about three years ago, they were paying about \$40,000 a year for trucking insurance on a fleet of about, if I remember correctly, eight or 10 trucks. So they were paying about \$40,000 to \$50,000 for their entire fleet, which is a substantial amount of money for any small business to pay.

Last year—not this particular year we're in but the year previous—their trucking insurance quote went from about \$40,000 to just over \$200,000. Basically, the trucking company had approached me to try to do something to avert that. At the time, we tried dealing with Janet Ecker, the Minister of Finance, in order to do something that would prevent these types of rate increases from happening. Clearly, that's not a 100% increase, that's not a 200% increase; you're talking about 400% in one year. I don't know anybody who gets that kind of raise. Not even federal MPs, when they vote themselves a raise in the House, get that kind of increase. Even when there was a bill in this House, it was nowhere near 400%. So I think we can all agree that is exorbitant.

What's happened to this company now is that in 2003, the insurance company came back and said, without any incident, "Never mind \$200,000; we now want over \$400,000." It was basically going to close them down last

August. What I finally did is deal directly with the insurance company and threaten to go public about how they were going to shut down the largest employer in Val Rita and how that would not look good to that particular insurance company. As a result of that, they sort of backed off and they said, "Rather than making it over \$400,000 for the year, we'll renew the policy up until January 1 of this year." So they got the \$200,000 rate from last year for only September, October, November, December and just into the beginning of January.

As a result of that, they're in the market looking for trucking insurance. Truck insurance—as you well know, basically they're thick as thieves as far as the corporations go. If one quotes \$400,000, every other insurance company wants to quote the same amount of money. After 30 years of business, that basically puts this company out of business, and quite frankly that is unacceptable. I think all members of this committee, be they on the opposition side or the government side of the House, would agree that no individual business should be put out of business because of what we're seeing happening in the insurance companies. So I have a number of amendments that I'm going to have my colleague Mr Prue, as the committee member here, move on my behalf to try to capture within your legislation at least freezing trucking insurance rates at their current level.

My only caveat to that is we need to strengthen section 6 of the bill, which is a different issue, because I think section 6 doesn't go far enough to put an absolute freeze or an absolute cap on insurance. I think that's a bit loose. I think even if I were to pass these amendments, there's probably still an argument to be made that the insurance could be raised. That's why we're also going to suggest the government may want to tighten up section 6 of the bill, so that we clearly have an actual freeze so we actually do what's intended by the title of the bill.

My colleague Mr Prue will move those amendments. I'm asking for members of the government to support those. I believe there is a total of four amendments: one in section 2, two in section 3, and then section 6; we're going to recommend that we vote against that section—that's one of the ways of being able to deal with the issue that I raised—and then basically change the title of the bill at the very end. That way we'd be able to capture the trucking industry and give respite, at least for 90 days, to those people in the trucking industry who are being whacked by greedy insurance companies.

The Chair: Thank you, Mr Bisson. Any other comments?

Mr Wilkinson: Just for the members here, I was told this is dealing with the trucking industry and is not in the purview of this bill. Yesterday's deputation, I think it was from the Insurance Bureau of Canada, who are in support of what we're doing, made an excellent point that companies only have so much capital, and if we have systemic problems in private auto insurance, which is what we're dealing with today, it requires companies to take more money into reserves. That's what limits the pool of money for other people, like the cab drivers, who

were here yesterday, and the trucking industry. We have the same problems in our riding as well.

I'm pleased with the fact that by getting on to this right away in the first part of our mandate and starting to deal with this auto insurance, there should be, and we're hoping, good benefits for the rest of the P & C industry, not just for private passengers, because we do get a beneficial effect from dealing with what we've been asked by the House to deal with today in this meeting.

Mr Bisson: I just want to be very clear, if we don't make an amendment to this bill by January 1, Parent trucking will be closed. They don't have until after January 1. This is very time-sensitive. I know, as I'm sure you know within your own constituency, all kinds of independents and small brokers who are facing the same thing: Their insurance is being renewed this fall and this winter. I know a number of them that I've talked to are saying, "If I get whacked with what they're telling me I'm going to get whacked with, we're going to have to close our doors." I would think, as committee members of this committee, both government and opposition, we would do all that we can in our power—which we have to deal with in this committee—to basically try at the very least to give a bit of respite to the trucking industry until such time that we actually move to public auto, because we know that's the only way you can really deal with rates in the first place.

There's another way of dealing with rates, which I've mentioned in the House before, but you probably don't want to go there, which is that insurance doesn't become mandatory and people self-insure by way of what they used to call the old unfunded liability that you used to have when you were a kid. Bruce would remember that and I would remember that, because we're old enough. I don't advocate this, but there are only two ways of fixing the insurance problem.

One way is that you go back and take out of the legislation what David Peterson put in, which is to mandate everybody to be insured and then basically people opt in or opt out of having insurance. The problem with that is you're going to have all kinds of uninsured people on the road, and if you happen to be a pedestrian hit by a driver with no insurance, tough luck. But that's the way it used to be and people then would opt in to what they used to call the unfunded liability to be able to get minimal coverage of \$100,000 or \$250,000 or whatever the number. I don't advocate that, but that's one way to control rates.

The other way to control rates is to do what public auto has done in places like Manitoba. I've used the example before. A 22-year-old with a perfect driving record, with five years of driving history, with a 1989 Chevette, I think it is: \$4,300 here in Ontario; \$700 in Manitoba. I think it's a pretty big no-brainer. They're paying less because it is a completely public system, there's no profit, the pooling issue is different, the security part is different as far as how much of that they have to keep secure by way of legislation, and also the whole question of not passing off. As it is now, everybody is

double and triple insured. You're insured by way of OHIP; you're insured by your own employer's insurance; you're insured by way of insurance you have on your car. That eliminates that probability by way of public auto, but that's for another debate. I agree with you that we're going to get to another debate where, finally, the Liberals are going to have to see the light and go to public auto, but I'll debate that then. For now, we need to move an amendment to at least capture the trucking industry to protect them so that they don't have to close their doors come January 1.

1120

Mr O'Toole: I just want to clarify a couple of things before I get going here on the bill. In the explanatory notes it leaves it quite open. I'll just read the second paragraph: "The superintendent shall not approve the insurer's proposed rate increase or a smaller increase unless"—that's the operative word here—"the superintendent finds that it is in the public interest and just and reasonable in the circumstances to do so, given the insurer's exceptional financial circumstances." It sort of leaves it wide open. I think it's covered in section 6. That's the first. There's too much vagueness in that particular thrust to the bill.

One of the other things I want to clarify as well: In section 2, "Application of the act," it says, "This act applies"—

The Chair: Mr O'Toole, we must speak to the bill in order of the sections.

Mr O'Toole: I'm speaking to it as we go through, but in a generality—

The Chair: You're picking sections. If you could talk in a generic way about the bill—you're citing section by section.

Mr O'Toole: I was talking broadly from the explanatory notes, which I think is the broader—

The Chair: Then you moved to section 2.

Mr O'Toole: It refers to a section there. I'll deal with that because there is an amendment by the NDP.

The Chair: We'll get to that.

Mr O'Toole: Of course. Very good.

The Chair: Thank you, Mr O'Toole.

Mr Colle: This bill is really a first step to try to stabilize a dysfunctional auto insurance system that the previous government allowed to deteriorate because of their lack of action. For the last three or four years motorists, stakeholders, have been begging the government to take action. They refuse to do anything to stabilize auto insurance. Thus, we have an incredibly difficult situation here in Ontario when it comes to getting auto insurance. It's the previous government's neglect, the lack of transparency. Talk about trucking: They introduced a bill, Bill 198; they passed regulations; there wasn't one word to protect truckers or commercial vehicles in that legislation. They had a chance to do something to protect the commercial trucking industry. They did nothing. They essentially left us with a dysfunctional system that this bill is trying to at least begin to stabilize, the beginning of a stabilization process. As we said in our party platform,

within an hour of taking power Premier McGuinty issued a directive to the Minister of Finance to freeze rates, which was done October 23.

The next step and commitment we have is to reduce on average by 10% the rates that have to be filed, if this bill is passed, by January 23. So it's a reasoned approach, a balanced approach to try to first of all ensure that there is competition in the marketplace so that the motorists can have choice.

This is about over eight million motorists in Ontario who need by law to have auto insurance. We've heard from the various stakeholders, we've heard from the medical rehab stakeholders, we've heard from the insurance companies. What we need to think of is the eight-million-plus motorists whose premiums—talk about the trucking companies going out of business. We've got people in this province who can't go to work, go to their job, because their insurance premiums are too high.

That's the urgency here, to act quickly to take some steps to keep the industry stable so that we can proceed to this first 10% cut. Then, in the next stage, we will proceed with more reforms of this chaotic automobile insurance system that the previous government left us with, and bring in more reductions and more stabilization. But we need to keep competition out there.

You heard—it's surprising, we've got a rural member across the way there—the small mutuals. They were here saying, "It's essential that you keep section 6 of the bill in, because we want to be able to offer insurance across the province of Ontario," as they have been doing since 1850. So for the members of the Conservative Party to say that they're not going to listen to the small mutuals, who, by the way, for the record again, are not-for-profit—their shareholders are the policyholders. They're small mutuals like Algoma Mutual, Amherst Island Mutual, Bay of Quinte Mutual, Dufferin Mutual, Elma Mutual, Halwell Mutual, Hamilton Township Mutual which said, "Don't let Queen's Park arbitrarily impose anything on us that might force our companies out of business." That's why they support section 6, because you can't treat all insurance companies the same. When you look at the INGs of this world and compare them to the small mutuals, there's no comparison. You can't have the same treatment. In way of fair treatment, we are directing the financial services commissioner to take everyone into account so that we don't have companies that, through no fault of their own, might be pushed into insolvency.

Then what do you do? What do you tell the thousands of people who may be policyholders of that insurance company? They say, "Oh well, it doesn't matter. We got rid of section 6 in the bill. We don't care about the fact that now you have no insurance company to go to." In fact, as you know, it's almost impossible to get insurance now in this province. They won't take you. For us to jeopardize not only the small mutuals, but also the thousands of people who may be thrown off insurance coverage by an insurance company that's all of a sudden declared insolvent, what good would that do to those

people? Where would they get insurance? That's the question that's before us.

This is, again, a bill that's very focused. It's saying, "Give more powers to the financial services commissioner," which the previous government refused to do. It's giving him the ability to tell the insurance companies to file by a certain date. If they're not acceptable to the financial services commissioner, he can reject those filings, and those companies will not be able to do business in this province. That's the first time those powers have been given, essentially, to the people of Ontario through the financial services commission. That's the heart of this bill.

We would like to solve all the problems and all the messes the previous government left us with auto insurance. Everybody agrees in this province, right across the board. I spoke to people from the Canadian Automobile Association to speech pathologists, tow truck drivers, paralegals and quasi legals. They all agree: Auto insurance in this province has been left in an incredible mess by the previous government. Nothing was done to protect the interests of the eight million motorists. We are taking this first step to try to stabilize the system so you have competitive rates out there, and people have some fair and reasonable ways of being treated. This is the beginning, as I've said, of a three-step, comprehensive process to fix this mess that the previous government left us.

The Chair: Any other comment?

Seeing none, I'll move to section 1. Are there any comments, questions or amendments? Seeing none, shall section 1 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Crozier, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

Nays

O'Toole.

The Chair: Section 1 is carried.

Section 2: Any comments, questions or amendments?

1130

Mr Prue: I would like to read the following amendment to the record. You have a copy in front of you.

I move that section 2 of the bill be struck out and the following substituted:

"Application of act

"2(1) This act applies to,

"(a) insurers and contracts of automobile insurance to which sections 410 to 417 of the Insurance Act would apply but for sections 4 and 5 of this act; and

"(b) insurers and contracts of automobile insurance for commercial motor vehicles as defined in subsection 16(1) of the Highway Traffic Act.

"Same

“(2) Except as provided in clause (1)(b), this act does not apply to an insurer in respect of any category or coverage of automobile insurance for which the insurer is not required to make an application for approval under section 410 of the Insurance Act by reason of an exemption granted under subsection 413(1) of that act.

“Facility Association

“(3) This act applies to the Facility Association only with respect to the personal vehicles—private passenger automobile category of automobile insurance and with respect to automobile insurance for commercial motor vehicles as defined in subsection 16(1) of the Highway Traffic Act.”

The Chair: Thank you, Mr Prue. I am going to rule your motion out of order. It is beyond the scope of the bill.

Mr Prue: With the greatest of respect, I think member Bisson, when he was here—what it is our intention to do is to bring it within the ambit and the scope of the bill. We all are quite sympathetic to the plight of those who earn a living on our highways, whether they be truck drivers or I suppose cab drivers or other people. We think that without this a great percentage of the motoring public will be left out in the cold. Certainly people will lose their livelihoods, their jobs and be caused a great deal of harm.

The Chair: Thank you, Mr Prue. There is no debate on the ruling.

Mr O'Toole: We're talking to section 2 now, and you ruled the amendment out of order?

The Chair: You comments to section 2.

Mr O'Toole: And further questions on section 2?

The Chair: Yes, you can do that.

Mr O'Toole: Thank you. Well, in that respect, I will.

I earlier mentioned my concern with subsection 2(3) of the bill: “This act applies to the Facility Association” with respect to this. They tried to add the commercial vehicle. I want to be on the record as saying Mr Barrett, and Mr Bisson as well, had spent some time trying to add the commercial section, which is out of order.

I understand that the facility group is the high-risk pool. If you look at the detail of the bill and further looking forward, your intention here is to reduce rates by 10% and a further 10% for good drivers. What this will do is it will flush everybody into the facility group who has any kind of record, and they'll be getting whacked; they will. How do you determine your classification system when we don't have the regulations in front of us? I'm very concerned that the facility group right now will harbour a great deal of people who can ill afford an exorbitant rate increase.

I'll keep a copy of this Hansard and cite it to you in the future when I get all the calls. So it's just a concern that I believe you're going to be flushing a lot of people into the facility group. I'd ask the parliamentary assistant if he has any response to that.

The Chair: Any other comment?

Mr Colle: The member across had a chance to do something about the predicament drivers, motorists, find

themselves in. He had eight years to do something. In fact, he was involved with this file as parliamentary assistant. He did nothing. Now, all of a sudden, to start to impede our attempts to fix his mess is unconscionable.

Mr Wilkinson: Just to make sure that we're factually accurate, the member from Durham said that this second 10% was going to be restricted to good drivers. The intention—and we were very clear on the campaign trail over this—is that that 10% further reduction is—we're going to allow consumers to have the customization that they have asked for so that the premiums they're paying reflect the actual risk that's being taken on. Sometimes consumers are being forced under the current system to pay for coverage they could never claim. We always thought, when we looked at this file, that that needed to be addressed. I just want to make sure that the record reflects that fact, because that's what that second 10% is about.

The Chair: Any other comments?

Mr O'Toole: I just want to put on the record that it's very important that the current parliamentary assistant, however temporary, left the impression he would like to look to the history. I think Mr Wilkinson is probably making some better arguments here, but I leave that to the caucus debate. In 1988, the rates went up 7%; in 1989, 7.9%; in 1990, 3.8%. In fact, the real change here was in 1994 with Bill 164, the no-fault; it went up 11.8%. In 1995, it went up 9%, which was the residual of Bill 164, which we had to move on. Then I look at Bill 59. If we didn't take any action—there were rates every subsequent year: 2.5% in 1996; 3.1% in 1997; 3.4% in 1998; and 1.6% in 1999. Bill 198 was part of the finance bill, which really was going further to introduce some reflection of risk classifications and expedited rate filing. So it's wrong for Mr Colle to leave the impression that we did nothing. In fact, we had two very comprehensive reforms to auto insurance, which resulted in about a 20% reduction in rates. If I'm looking at the current proposed legislation, and it will come up during the debate today, I'm very concerned. As I said before, the additional 10% rate reduction—and I've got your discussion paper here; I'm keeping an eye on you: Lower Rates for a Change. Everything has “For a Change.” I think all you're doing here is trying to get some rate issues into the market, and nothing more, in this bill. We'll talk about it more in section 6.

The Chair: Any other comments? Shall section 2 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Crozier, Marsales, Oraziotti, Peterson, Wilkinson.

Nays

Barrett, O'Toole, Prue.

The Chair: Section 2 is carried.

Section 3: Any comments, questions, amendments?

Mr O'Toole: I move an amendment; I'll read it for the record.

I move that section 3 of the bill be amended by striking out "sections 5, 6 and 7" and substituting "sections 5 and 7."

Under the very capable counsel of Ms Macnaughton, I want to move unanimous consent that I stand this down because it's contingent upon section 6, which is what they call the Mack truck section. We'll talk to that at that point in time. It's empowering—no criticism intended—the superintendent to mush the rates through. So with unanimous consent, I would stand this down until the consideration of section 6.

The Chair: Is there unanimous consent to postpone this section? Agreed. We'll come back to that one.

Mr Prue: I too have a motion on section 3.

The Chair: Section 3 is stood down. We move to section 4.

Mr Prue: Is that to be stood down as well? OK, thank you. That's fine. The motion carries mine as well.

The Chair: The whole section is being stood down, so no amendments have been moved.

Section 4: Any comments, questions or amendments? Seeing none, shall section 4 carry?

Mr O'Toole: Recorded vote.

Ayes

Colle, Crozier, Marsales, Oraziotti, Peterson, Prue, Wilkinson.

Nays

Barrett, O'Toole.

The Chair: Section 4 is carried.

Section 5: Any comments, questions or amendments?

Mr O'Toole: This is a section here that really strikes out what Mr Colle had said, that there was no action. We had in fact taken action, and this section actually deletes any action, as of October 23, of a reclassification system that was already underway. So to leave the impression with the naive viewer or listener that there was nothing being done—this section entirely revokes all of the actions of the previous government retroactively. Shameful.

1140

The Chair: Any other comments? Shall section 5 carry? Section 5 is carried.

Section 6: Any comment, amendment?

Mr O'Toole: I guess section 6 is probably one of the more controversial sections. In a very brief summary, it should be under the title, "Foreshadowing the application to charge higher rates." Wow. If you read through, "an insurer may apply," it really talks about higher rates, and this "criteria for approving higher rate." In the next little subsection 3 it says, "not make more than one application," and it talks about the administration basically

falling into the hands of the superintendent of financial services.

I'm concerned. This was referred to in the House by Mr Kormos, I believe, when this bill was introduced, who has a fair reputation on auto insurance. This is one section that kind of contradicts the title of the bill, the Automobile Insurance Rate Stabilization Act. This is a Mack truck clause here; you can just start pumping in the new rates. I'll be voting against this very strongly, and I'll be requesting a recorded vote on section 6.

Mr Prue: I would also draw the committee's attention to the final subsection 6(7), which I think for many purposes is abhorrent. It says, "The decision of the superintendent under this section is final for all purposes." This means that there would be literally no appeal, there would be nothing that could be done. So when the superintendent deems that your auto insurance is going up and the insurer is getting more money etc, you the consumer, you the driving public in Ontario, have no recourse, and I can't support that either.

The Chair: Any other comment?

Mr Colle: Again, just to put on the record, this is about bringing stability to auto insurance in this province. At this present time, the whole system is unstable and dysfunctional because of the previous government's neglect, and therefore as we proceed, we're trying to ensure there is a lot of choice for the insurer and the insured, that drivers who need auto insurance have a choice of various companies.

As I said before, this is not just about the INGS of this world, this is about the small farm mutuals that we hope to keep in the market, because they operate not-for-profit, they operate to service people in rural areas and agricultural communities that get any kind of profit back in savings as lower rates. It's not just about the small mutuals; it's about a vast variety of companies that offer insurance. It's about the CAA, the Canadian Automobile Association; they also offer insurance. It's also about an insurance company operating out of Hamilton that's owned by the New Democratic Party of Saskatchewan that offers insurance, and who would dare say the company owned by the New Democratic Party of Saskatchewan should be put out of business if it's going to be insolvent?

We're saying if there's an exceptional situation where the actions by the commissioner of financial services would put one of these companies out of business, that company would have to prove, with documented filings, its insolvency and the financial constraints it's under. So it has to be proven, and the commissioner of financial services, a very experienced individual, would scrutinize that application.

Again, as we said in our bill, this is about the public interest, that if it's in the public interest to keep one of these insurance companies solvent for the benefit of the eight million drivers, we think it's important to keep that option. This is an option the superintendent of financial services asked for, the most respected professional in auto insurance in this province. He said you've got to

have this option in the bill so that the marketplace can be stable, so that motorists have choice, so that the small companies can stay in operation as much as the larger companies. To vote against this section would basically be telling the small farm mutuals that we don't care what happens to you. Well, we do care about the small farm mutuals. We care about the CAAs. We even care about the NDP-owned company that operates in this province. We feel the more competition, the more product that's offered, the more variety, then the more choice a consumer has, which gets them better service and lower rates. As you saw in the documentation by the Ontario consumers' association, they showed the variance, that if you go to different companies, you can see the variance: up to 48% reductions if you have choice.

So we're not about saying only certain companies should operate in Ontario. We're saying the financial services commissioner has it within his expertise to ensure that in some exceptional cases, if the company is going to be withdrawing from the marketplace and it can prove that it's on the risk of insolvency, they can take steps to have special consideration for that exception. That's what section 6 is about.

I'll read again into the record, especially for the members of the Conservative Party, who always talk about supporting the rural communities, what the Ontario Mutual Insurance Association said when they spoke here yesterday. I don't know if they were listening. They said, "Specifically with respect to the content of Bill 5, we support clause 6(1), which allows an insurer to apply to the superintendent for approval of rate changes that exceed the authorized rates if the insurer believes it is just and reasonable, having regard to its financial circumstances."

Again, this is a temporary freeze that gives the commissioner of financial services the ability to use his professional expertise, to use his good judgment and to use scrutiny to ensure they can prove that when applying for the special exemption, they have the documentation. Certainly, I have total faith in the financial services commissioner and his expertise and his attempt to be fair to the eight million people who need auto insurance in this province. That's why section 6 is here.

Mr Wilkinson: As someone who comes to this place for the first time and who comes from financial services, I want the rest of the members here to understand that insolvency is always the number one concern of a regulator. Insurance is based on the principle that people pay their money in good faith and that when an insured event occurs, they are paid. People would not pay premiums if they felt that insurance companies were not going to be solvent. The whole system falls apart. I was telling people, why would someone pay for, I'll say for example, a life insurance premium for 40, 50, 60 years if they had any doubt about whether or not the insurance company was going to pay? So it is in the public good that we have solvent insurance companies.

As the parliamentary assistant was saying, the farm mutuals, which are huge in my riding, who have done an

exceptional job of containing costs, haven't a track record of late of having exorbitant price increases. For us to come by as a government and then turn around and say, "No, there will be no bending of the rule," would put them in a terrible fiscal position and undermine, really, the strength of our rural economy. That's why I'm voting in favour of section 6.

I think the other thing that's important—because what we have found, I think, as we've taken over this file after years of mismanagement, is really neglect of the file and tinkering around the sides. The superintendent came to us and said that insurance companies come and they file for an increase. The superintendent right now only has the power to say yea or nay. The superintendent has no power to say, "Well, actually it's nay, but if it was somewhat less, then it would be aye." So it's important that we give the superintendent the ability to deal with these individual filings, that we depoliticize this process, that we give the power to the superintendent, which he has requested, so that we can deal with these matters. I am in complete agreement that when the superintendent makes a ruling the decision is final. My God, I don't even want to think what the market would be like if people could be appealing ad infinitum with their fancy, high-priced lawyers every decision that our superintendent made as he regulated the market. It's the role of government to regulate the market. We don't create it, but for the good of the consumer, for the good of those 8.5 million people who are driving in this province and need auto insurance, our job is to make sure that we regulate it. We need a superintendent with teeth, a superintendent who is able to negotiate. I think section 6 has that right balance and I would urge all members to support section 6, particularly if they want to go to any event in rural Ontario in the next few years.

1150

Mr Barrett: I would like to address section 6, also known as the Mack truck loophole. I note the title of section 6 is, "Application to charge higher rates." It doesn't say application to lower rates. Again, the question that looms over these deliberations is what happened to the 20% rate reduction that so many people were promising at the door. I just want to read the paragraph on section 6 into the record for people who may be reading Hansard down the road. It really is quite telling: "An insurer may apply to the superintendent for approval to charge rates that exceed the authorized rates if the insurer believes it is just and reasonable in the circumstances having regard to the insurer's financial circumstances, but the superintendent shall not approve the application unless the criteria," and they name several clauses, "are satisfied."

We're talking about section 6, the Mack truck loophole. I know that in deliberations in the House it's been referred to as the Concorde jet loophole. I would put forward, as a resident of Port Dover, you could steer a lake freighter through this loophole. I find it somewhat ironic that there's been so much talk about the Mack truck loophole on a piece of legislation. This allows any con-

sideration for a Mack truck, an International, a Peterbilt, a GM or a Ford.

Mr O'Toole: None of it's covered.

Mr Barrett: None of this is covered by this particular piece of legislation.

Mr O'Toole: I'll be much more succinct. I'm asking procedural questions through you, Chair, to the clerk. Procedurally, the way my amendment in section 3—which had been tabled for a moment, until consideration of section 6, I would assume. Because it's a Liberal-dominated committee, undemocratic or whatever, they will win the vote. They'll probably carry section 6 and then my section actually attempts to delete section 6. My question to you is, would it not be out of order? I'm quite displeased. Before I vote, I want to move an amendment which would really say, I move an amendment to delete section 6, the Mack truck section.

The Chair: I didn't hear your amendment, Mr O'Toole.

Mr O'Toole: My procedural problem here is that I have set down the amendment to section 3. That amendment substantively deleted section 6. The reason is that we haven't dealt with section 6, but if we vote in section 6 and my amendment attempts to delete it, then it's out of order. So I'm stuck here and I think I've trapped myself, actually.

Mr Prue: I think you did too.

Mr O'Toole: Thanks for having legislative counsel here. It proves that most of the good work here is done by someone else, either a legislative assistant or a legislative intern. That's something we should all be striving for, to get one of them working for you. I understand that it isn't out of order.

The Chair: Very good. We can move ahead, Mr O'Toole.

Mr O'Toole: Sure. Thank you.

The Chair: Any other comments? Seeing none, shall section 6 carry?

Mr O'Toole: Recorded vote.

The Chair: All in favour?

Ayes

Colle, Crozier, Marsales, Oraziotti, Peterson, Wilkinson.

Nays

Barrett, O'Toole, Prue.

The Chair: Section 6 is carried. Section 7.

Mr O'Toole: I'll now deal with my amendment to section 3, if that's permissible.

The Chair: You're satisfied with that, Mr O'Toole?

Mr O'Toole: Yes. Once again the staff have helped me to look better.

The Chair: We'll move to section 7. Any comments, questions or amendments?

Mr O'Toole: I move a section 7 amendment. I'll read it for the record.

I move that subsections 7(6), (7) and (8) of the bill be struck out and the following substituted:

"Superintendent's powers

"(6) After considering an application and any additional information, material or evidence relating to the application, the superintendent,

"(a) shall require the applicant to,

"(i) maintain its current or proposed rate, or both, for a category or coverage of insurance at the rate that was approved or was deemed to have been approved under the Insurance Act as of October 23, 2003, or

"(ii) reduce its current or proposed rate, or both, for a category or coverage of insurance by up to 30% of the rate that was approved or was deemed to have been approved under the Insurance Act as of October 23, 2003; and

"(b) may require the applicant to vary one or more of its current or proposed risk classification systems.

"Criteria to be considered

"(7) The superintendent shall require the applicant to reduce its current or proposed rate for a category or coverage of automobile insurance or require the applicant to vary a current or proposed risk classification system if,

"(a) the current or proposed risk classification system or current or proposed rate is not just and reasonable in the circumstances;

"(b) the current or proposed risk classification system is not reasonably predictive of risk or does not distinguish fairly between risks;

"(c) the current or proposed rate would impair the applicant's solvency; or

"(d) the current or proposed rate is excessive in relation to the applicant's financial circumstances.

"Industry reduction

"(7.1) Despite subsection (7), in determining current and proposed rates for the purposes of this section, the superintendent shall ensure that there is an average reduction in rates charged by insurers in Ontario of at least 20%.

"Written submissions

"(8) The superintendent shall give the insurer an opportunity to make written submissions before making an order requiring a reduction in a current or proposed rate or a variation in one or more of its current or proposed risk classification systems."

The Chair: We have about two minutes before we recess. Are there any comments?

Mr O'Toole: I'll keep my comments brief. Really, what it's doing, in layman's terms, is moving back to the rate classification system prior to the date of the 23rd, and also looking at least at a 20% rate reduction. This is what the people of Ontario want. This is what you've been saying at the doors. It's the right thing to do. I ask for your consideration of this amendment. It's absolutely imperative. It would be one time that you could do the right thing for the people of Ontario. I'll be supporting you if you adopt this amendment.

Mr Crozier: Chair, just a quick question that you may want to deal with this afternoon. How do you arrive at an average when you start with the approval of one rate and go on, over a period of time, to another?

The Chair: That's a question for this afternoon.

This committee will recess until following routine proceedings today.

The committee recessed from 1159 to 1548.

The Chair: The standing committee on finance and economic affairs will come to order.

When we broke for recess prior to the noon hour, we were on section 7, and I believe Mr O'Toole had just read the motion into the record and had made a brief comment. Are there any further comments?

Mr O'Toole: With the indulgence, the points that are being made here, the mega-motion that we're talking about here and the attempt to get some administrative change, however subtle, to this bill—this section is tied to my previous amendment on section 3. We're prepared to leave section 7 in, in the event that section 6 is now passed, so I've got to amend this thing. What it substantively does is it allows you to keep a promise. This section here that I'm referring to actually brings to bear, in section 7, it really constitutes going back to the rates and classifications of October 23. During our consultations with the people, we heard that those rates and classifications should be changed. That was occurring in Bill 98.

Section 7.1 is added. It gives you a chance to keep one of your election promises, which is a 20% reduction in premiums. I'm going to take this valid motion and I'm going to request a recorded vote. What it means to me, without—there's no Machiavellian theory going on here. I just want you to be clearly on the record voting against a 20% reduction as you promised at the doors in my riding. So it's not a set-up; you have free will; you're born with free will. I'm hoping that David and some of the newer members—Judy—would be amenable to being on the record of keeping your promises, just this once.

The Chair: Any other comment?

Mr Colle: The previous government could have put this in their legislation. They had a chance to do this but they're asking us to do it, which we feel is reckless because it doesn't take into account that the insurance industry, the state of affordability, is in such a fragile state that we can't act recklessly and do these unilateral, across-the-board percentage decreases without taking into account that there are a lot of people who are affected by whatever this government does. That's why we've been very cautious in what we do.

This government, in its dying days, had an opportunity to do this. If they believed in this type of unilateral action of this-pie-in-the-sky 30% cut, they would have done it. They didn't, and that speaks volumes. That's why we're rejecting it for a more cautious approach that will give people stability, and then further stability and decreases as we sort out the mess they left us.

The Chair: Any other comment?

Mr O'Toole: Thank you for that. I'm glad Mr Prue has joined us, because I know he would support reasonable and fair pricing in auto insurance, and certainly honesty in policy making. This amendment says it all. It addresses reducing rates by 20%—it allows them to keep a promise—so if we all vote for it, it would be a better law. That's the way I see it.

The Chair: Any further comments? All in favour of the motion?

Mr O'Toole: Recorded vote.

Ayes

O'Toole, Prue.

Nays

Colle, Marsales, Oraziotti, Parsons, Peterson, Wilkinson.

The Chair: The motion is defeated.

Shall section 7 carry? Carried.

We would refer back to section 3. This motion was postponed. Section 3, motion number 1: Do you have any comment?

Mr O'Toole: For the record again, what this is doing is, it's in a motion that—you've passed section 7 and you've passed section 5 and you've passed section 6. Reference made, I move that section 3 of the bill be amended by striking out "sections 5, 6 and 7" and substituting "sections 5 and 7." You get most of it, and I'm asking for your support on this substantive motion, which really doesn't allow you to approve rate increases.

The Chair: I inform you that this motion is out of order because the sections that you are calling for have been carried. Shall section 3 carry?

Mr Prue: What about mine?

The Chair: I'm sorry; you're quite right. Mr Colle, you have an amendment?

Mr Prue: I don't think Mr Colle—

The Chair: My mistake: Mr Prue does.

Mr Prue: He shaved his moustache off. You should not confuse the two of us.

I would like to make the following motion, which is to section 3 of the bill.

I move that section 3 of the bill be struck out and the following substituted:

"Temporary insurance rate freeze

"3. Subject to any rate change approved in accordance with this act, every insurer, on issuing or renewing a contract of automobile insurance after October 22, 2003, to which this act applies, shall use only the rate for each category and coverage of automobile insurance,

"(a) that was approved or was deemed to have been approved under the Insurance Act as of October 23, 2003, in the case of an insurer referred to in clause 2(1)(a); or

"(b) that the insurer was entitled under the Insurance Act as of October 23, 2003, to use after October 22,

2003, in the case of an insurer referred to in clause 2(1)(b)."

If it's in order, I'd like to speak to it.

The Chair: Your motion is out of order.

Mr Prue: Can you explain to me why, just for the record.

The Chair: For the record, in that 2(1)(b) was deemed to be out of order, your motion also speaks to the same subject and is therefore out of order. Are there any comments to section 3?

Mr O'Toole: I appreciate that. I know we're just wrapping up routine business here, but this reluctance to accept any input from any committee that's really genuinely trying to improve the bill—

The Chair: Are you challenging me?

Mr O'Toole: No, I'm not. I think the Chair has been fair. It's unanimous support on the other side. The government is not listening to [Inaudible].

The Chair: That's a comment. Any other comment to section 3? Does section 3 carry? Carried.

Are there any amendments to sections 8 through 11? Hearing none, shall section 8 carry? Carried. Shall sections 8 through 11 carry? Carried.

Section 12: Are there any amendments or comments?

Mr O'Toole: Yes. Mr Barrett and I have an amendment on subsection 12(1).

I move that subsection 12(1) of the bill be amended by striking out "a fine of not more than \$100,000 and on each subsequent conviction to a fine of not more than \$200,000" and substituting "a fine of not more than \$1 million and on each subsequent conviction to a fine of not more than \$2 million."

If this is in order, I'll speak to it.

The Chair: The motion is in order.

Mr O'Toole: What we're trying to do here is send a signal to the industry. We're all fair and reasonable people, I presume, for the most part. These fines are tokenistic. He has talked about ING and all these major corporations where \$100,000 is cost of doing business. We're talking about serious. If you're serious about keeping rates and classifications down, why not have a strong enough deterrent—some would use the term "hammer," but I'll use the word "deterrent"—of a million dollars as opposed to \$100,000? I'm willing to discuss it: \$100,000 may be—let's make it \$500,000. My amendment is a million; it's prepared to be an amendment. I'm prepared to discuss it. But if you're not prepared to move on this tiny, minuscule amendment, Mr Colle, it's eroding my confidence in the very process here of democracy. Give us one.

Mr Colle: The previous government, in the eight years they were there, never put any fines in whatsoever

in terms of the Financial Services Commission of Ontario's ability to enforce rate filings. This is a first and, I think, a very fair way of dealing with companies that don't abide by this bill, if it's passed. As many of you may know, one of the things that does happen with fines is that if you put the fine level at such an amount that it is deemed inappropriate or too high by juries or by a judge, they tend to stay away from imposing those fines. That's why you'll see that the history of fines is at a reasonable level, so that judges and juries are not afraid to impose those fine levels.

Again, this is the first step in bringing controls in terms of dealing with insurance companies and the way they file. As I said, the previous government had the opportunity to put in their million-dollar fines. They basically put in no fines whatsoever.

The Chair: To the committee: "At 4 pm on the second day, those amendments which have not been moved shall be deemed to have been moved, and the Chair of the committee shall interrupt the proceedings and shall cause there to be one final 20-minute waiting period for the purpose of calling in the members, and shall then, immediately without further debate or amendment, put every question necessary to dispose of clause-by-clause consideration of the bill."

We are recessed for 20 minutes.

The committee recessed from 1600 to 1620.

The Chair: The standing committee on finance and economic affairs will come to order once again.

Shall the amendment to section 12 carry?

Mr O'Toole: Recorded vote.

Ayes

O'Toole.

Nays

Colle, Marsales, Oraziotti, Parsons, Peterson, Wilkinson.

The Chair: The motion is lost.

Shall section 12 carry? Carried.

Shall sections 13 through 16 carry? Carried.

The New Democratic motion to change the title is out of order.

Shall the title of the bill carry? Carried.

Shall Bill 5 carry? Carried.

Shall I report the bill to the House? Carried.

The committee is now adjourned.

The committee adjourned at 1622.

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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Monday 26 January 2004

Journal des débats (Hansard)

Lundi 26 janvier 2004

Standing committee on finance and economic affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



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Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation

3330 Édifice Whitney ; 99, rue Wellesley ouest

Toronto ON M7A 1A2

Téléphone, 416-325-7400 ; télécopieur, 416-325-7430

Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 26 January 2004

Lundi 26 janvier 2004

The committee met at 0900 in room 228.

SUBCOMMITTEE REPORT

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. I would first of all remind persons in the room to please turn their cellphones off. Thank you very much.

The first order of business is the report of the subcommittee.

Mr Mike Colle (Eglinton-Lawrence): Mr Chairman, I move to read into the record for approval the report of the standing committee on finance and economic affairs' subcommittee on committee business:

Your subcommittee on committee business met on Wednesday, December 17, 2003, and recommends the following with respect to pre-budget consultations:

1. That the Minister of Finance be invited to appear before the committee on the first day of the hearings in Toronto from 9 to 10 am to make a presentation and answer questions from the three parties.

2. That the staff from the Ministry of Finance be invited to appear before the committee on the first day of hearings in Toronto from 10 am to 12 noon to make a presentation and answer questions from the three parties.

3. That the committee will meet from 9 am to 12 noon and from 1 pm to 4 pm.

4. That an advertisement will be placed for one day in a major paper of each of the cities to which the committee intends to travel at least one week prior to the meeting. Advertisements will be placed in both English and French papers if possible. An advertisement will be placed on the Ontario parliamentary channel and on the Internet.

5. That each party will provide the clerk with the name of one expert witness.

6. That each party is entitled to select the same number of witnesses in a given location.

7. That if all deputants can be scheduled in a given location, the clerk can proceed to schedule all interested parties/groups, and therefore no party selection is required for that location.

8. That expert witnesses will be offered 60 minutes to make a presentation. Groups will be offered 20 minutes and individuals 10 minutes.

9. That the expert witnesses be scheduled on the first day of the hearings in Toronto from 1 to 4 pm.

10. That the research officer will provide a summary of the presentations and a draft report to the committee members.

11. That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements to facilitate the committee's proceedings.

In addition to the subcommittee meeting, the whips also met pursuant to the order of the House dated December 18, 2003, and have agreed to the following:

12. That the committee meet on January 26 in Toronto, on January 27 in Niagara Falls, on January 28 in London, on January 29 in Windsor, on February 2 in Toronto, on February 3 in Ottawa, on February 4 in Timmins, on February 5 in Thunder Bay, on February 9 in Peterborough, on February 10 and 11 in Toronto, on February 12 in Kitchener-Waterloo, and on March 10 for the report writing.

Having received the whips' sign-off on the agreed dates for the hearings, the Chair has approved the following:

13. That interested people who wish to be considered to make an oral presentation should contact the committee clerk by 5 pm on Friday, January 16, 2004.

14. That the clerk will distribute to each of the three parties a list of all the potential witnesses who have requested to appear before the committee by noon on Monday, January 19, 2004.

15. That, if necessary, the three parties shall provide a prioritized list of their selections to the clerk by 5 pm on Wednesday, January 21, 2004.

16. That the deadline for written submissions be Friday, February 13, 2004, at 5 pm.

17. That the research officer will provide a summary of the presentations on Monday, March 1, 2004.

18. That the research officer will provide a draft report to the committee members on Monday, March 8, 2004.

19. That the deadline for dissenting opinions, if any, be Thursday, March 11, 2004, at 4 pm.

I move adoption of the subcommittee report.

The Chair: All those in favour? Carried.

PRE-BUDGET CONSULTATIONS

MINISTRY OF FINANCE

The Chair: I want to welcome the Minister of Finance, the Honourable Greg Sorbara, to this morning's meeting. You have approximately an hour for yourself and perhaps for questions. Welcome, Minister.

Hon Greg Sorbara (Minister of Finance): Thank you. Good morning to members of the committee and invitees. Congratulations to the Clerk's office for the retrofit of this room. Thanks, everyone, for getting down here at such an early hour.

I understand, Mr Chair, that the committee is moving to Niagara Falls this evening. Looking out the window, I suggest you set aside about five hours for the bus trip and I wish you well on your ventures.

I'm delighted to be with you this morning as you begin what I consider to be extremely important pre-budget consultations. Je suis très heureux d'être avec vous ce matin au commencement de ces consultations au sujet du budget de l'Ontario.

Your work is a vital part of a much bigger consultation which will be taking place over the next few weeks. There are slides that will appear up here. If we are coordinated between Victor and myself, they will bear some sort of relevance to the remarks I'm going to be making this morning. I'm quite certain that the work you do will make the work that I do much easier. I want to thank you in advance for the work that you're going to do.

The 2004 budget will be critical to this province's future. It will not only be the first budget of a new government, but the first budget of a new kind of government. It's going to signal a new era of transparency, accountability and, above all, absolute commitment to the public services Ontarians need and want most.

What I hope to do for you this morning is to set the stage for the discussions you are going to have as you consult with Ontarians across the province. I'm going to talk about the priorities of the government, I'm going to report to you on the situation as it now stands and I'm going to tell you about the steps we have taken and that we plan to take as we proceed toward the 2004 budget and beyond.

Let's be clear about one thing: What is beyond the budget is just as important as what is in the budget. Too often, governments focus on just one year, treating budgets as things to be got through or survived instead of things upon which we should be building. We're not going to do that. This budget is going to be the cornerstone of a new, long-term approach to government, one that is going to benefit Ontarians long after all of us here in this room have left the picture.

To begin, what are the priorities we have as a government? Quite simply, they are the priorities of the people who elected us. Last fall, Ontarians chose change. They asked for—in fact, they demanded—a different approach because they could see that the old one wasn't working.

They weren't getting the services they needed. We have to change that.

Ontarians want excellence in their public schools. Having a number of kids failing to meet provincial standards in reading, writing and math greatly concerns parents and should be of concern to all of us. Our future depends on those kids doing well.

0910

Ontarians want the kind of health care that was once a source of pride in this province. Doctor shortages, nurse shortages, waiting times for cancer treatment—these things are not a source of pride; they are a source of grave concern and we have to address them.

Ontarians want clean communities, and that means doing something about the smog that is killing 2,000 people in this province every year.

Ontarians want something done about gridlock. That means improving and expanding public transit. In fact, if I might just interject a quote from an American political scientist named Robert Putman, in his book *Bowling Alone*: "Each additional 10 minutes of commuting time cuts all forms of civic engagement, such as attending public meetings and volunteering, by 10%." Think about that a little bit as you're stuck on the QEW this afternoon on your way to Niagara Falls: Each 10 minutes of commuting time cuts all forms of civic engagement by 10%. We have to do something about gridlock, and that means improving and expanding public transit.

Ontarians want us to achieve our economic potential not through competitive tax rates alone but also by building the most highly skilled workforce in North America. That's how we will compete for the highest wages and the best jobs.

Ontarians want all of those things, and they demand one other thing: They want us to live within our means. The people of this province understand that a deficit isn't simply some abstract economic bogeyman. If you have more money going out than coming in, your debts rise, your interest payments increase, and all of a sudden you have less money to pay for the services that you've been trying to protect and improve in the first place. Ontarians know that we can only live well by living within our means. They have told us to make that happen, and we will.

Before I move to where we are going, let me tell you a little bit about where we are. And I must say, where we are is quite a bit better than where we were four months ago. Ontario has emerged from an economic downturn into a period of solid economic growth. Later today we will be releasing the Ontario Economic Accounts for the third quarter, that is, July to September 2003. As everyone in this room knows, Ontario faced an extraordinary series of problems that started last spring with the SARS outbreak, continued with border problems relating to the war in Iraq and the impact of mad cow disease, and climaxed with the blackout in August of last year. These were the main factors behind the downturn in the July to September quarter. Ontario's real gross domestic product fell by 0.6% during that period. We expect that the year

as a whole could fall below the current consensus estimate of 1.6% economic growth. As you will appreciate, the economic weakness of that quarter, as well as the quarter previous to that one, contributed to the enormous fiscal challenge that we are addressing, which is the deficit of \$5.6 billion which we inherited from the previous administration.

The good news, though, is that the new information about the third quarter has not worsened our current deficit projections for 2003-04. The reason for that, as I said, is that the economy is beginning to bounce back. We are emerging strongly from the third quarter, and the most recent data suggest that economic growth resumed in the fourth quarter of 2003. In part, the upturn reflects the fact that we have moved past the severe problems earlier in the year.

The evidence shows that the economy has started to grow and will continue to grow. Ontario added 35,000 net new jobs in December, and the unemployment rate fell to a nine-month low of 6.7%. The housing market also remained very healthy through the final months of 2003. Resales were at a record level, and new housing starts were at a 14-year high.

However, our currency has risen sharply against the US dollar. This unprecedented increase creates a very tough challenge for Ontario businesses that compete in open world markets. It was probably a major factor behind a decline in Ontario's real international exports of 1.1% in October and 1.9% in November.

There are positive aspects to the dollar's rise: It will help to keep interest rates low; it reduces the price of imported capital goods that will help businesses to become more productive; and for conservatives—for consumers, it makes imported goods more affordable. It also makes them more affordable for Conservatives, but consumers are the main issue here.

I am confident that Ontario business will meet the challenge of the rising dollar, and so are most economists, by the way. Although there have been some recent lower forecasts, economists still expect growth to strengthen in 2004 and 2005. Staff from the ministry will present more information on the economic situation and outlook later this morning.

What I want to make clear here today is that while the economy looks to be getting stronger, our fiscal situation is not. We cannot grow our way out of this deficit. We can't even come close to growing our way out of this deficit. The deficit is the result of eight years of a chronic mismatch between revenues and expenditures. It is structural in nature. Spending has grown very rapidly over the past few years, and tax revenues have stalled. We've moved to restore our revenue base somewhat with Bill 2, but that won't bring us back to a balanced budget either.

To the members of this committee I say we are not going to get rid of this thing by closing our eyes and wishing really, really hard that it will disappear. We are going to get rid of it by taking decisive and dramatic action, keeping in mind always the priorities that we

share with the people of Ontario. There won't be any slash-and-burn quick fixes. We've seen a lot of that approach, and the results speak for themselves. Ontarians have been left with weakened public services and an unacceptable deficit. With the greatest respect to the previous administration, slash-and-burn quick fixes represent a failure of fiscal management and a failure of the imagination. What this government is going to do instead is improve services and create real, positive change in Ontario. That is no more or less than we were elected to do.

We know where we are, and we know where we want to be. There remains only the question of how to get there. The fiscal situation may require us to alter our timetable for improvements, but it has not altered by one iota our commitment to making those improvements, and in fact we've already begun. As I mentioned, Bill 2 cancelled the tax cuts that were damaging public services. They're going to save us \$3 billion as of the next fiscal year.

We also moved to ensure that the organizations we fund are as vigilant as we are going to be in pursuit of better and more affordable services. Our amendments to the Audit Act would give the Provincial Auditor, who would be renamed the Auditor General under the act, the right to carry out value-for-money audits on all organizations that receive significant provincial government funding. These include hospitals, school boards, long-term-care facilities, colleges and universities, not to mention Ontario Hydro and OPG.

0920

We've also enlisted the help of our dedicated public service. We have asked government employees, the front-line workers in the many areas we plan to improve, for their ideas. So far, as you may have heard, more than 2,000 suggestions have come forward for ways in which we could do better with the money we have.

That, of course, is the name of the game. It isn't about how much more we spend; it's about spending better. It's whether you're getting the results for what you spend. The way to improve and protect our public services in a sustainable manner is to take a long, hard look at the results we're getting for the money we are spending and then to weigh those results against the priorities we've established, and that's what we're going to do. We are undertaking a complete reassessment of how we do things as well as what things we do.

This is going to mean a significant redesigning of government. We're going to examine government programs against the priorities that we ran on and that Ontarians voted for. That includes the array of programs that are provided through the tax system.

We're going to focus on what Ontarians have told us they want most from government and build our budget strategy around that. It may result in doing some things differently. It may result in our deciding to stop doing some things altogether, things we no longer need and can no longer afford, in order that we can continue to do those things that are of greatest importance to our

citizens. Surely that is a better kind of choice than simple across-the-board cuts, with an eye only to the bottom line.

And it isn't a choice, as you know, that we're going to make alone. In the coming weeks, we are going to consult with the people of this province like no government has ever done before. We're going to give them the straight goods, and we're going to ask them for the same thing in return.

The bottom line on which we all agree is the need to balance the books. In our recent fall statement, we included medium-term projections and described the changes in spending that would be needed to reach a balanced budget by any of the next three years. As I stated then, these do not represent options so much as starting points for our consultation.

In that context, we are asking Ontarians from every walk of life—not just business people or interest groups—to talk to us, not only about what they want to see in the budget but also about what they want to see after the budget. We are going to ask them to examine their priorities, to balance the things they need against the things they have simply always taken for granted.

I can tell you the discussions will not be painless. I can't tell you that the decisions we weigh will be easy, because they won't be. I can tell you the process will have integrity. It will be honest, it will be entirely focused on the change people want and need, and at the end of the day it will go a very long way toward bringing about that change. This isn't about asking Ontarians to do our work for us; it's about asking them to help us work better for them.

As I said at the outset, our government's first budget will be a critical event in this province's history. It will be a departure from doing things in the old way and a celebration of the fact that we don't need to do things in the old way any more. It will be born in consultation and co-operation. It will be informed always by the priorities we share with the people we are honoured to serve.

The work of this committee is, I believe, an integral part of the efforts required to reach out to Ontarians and understand their priorities and aspirations for the future. It complements well my own pre-budget consultations, which I will soon commence, and the other consultations being undertaken by the government.

I want to thank you for this chance to outline my thoughts as you begin your work. I hope it will be of some help to you as you carry on with this extremely important job.

The Premier has made it clear that our priorities have to be protecting and improving public services Ontarians need and deserve. He has given me the job of finding the resources to make that happen. So if I might, I'd like to ask you please to always keep in mind why we are here. It isn't just to crunch numbers, although that's a big part of the job, and it isn't just to worry about the bottom line, although that is a big part of the job. We are here to improve the quality of our schools and our hospitals, to make our communities clean and safe, and to have the

best workforce and the best economy on the continent. We want the people to tell us how we will know four, five or six years from now whether we've been successful. Doing those things while getting our fiscal house in order isn't just a big part of the job, it is the job.

You have a unique perspective on the hopes and expectations of the people of Ontario, and your contribution to this process will be invaluable. I look forward to your report and to working with you as we move toward and beyond the 2004 budget.

The Chair: Thank you, Minister. We have time for questions, about 11 minutes per caucus. We'll start with the official opposition.

Mr John O'Toole (Durham): Thank you, Minister, for a presentation as we look to the people of Ontario to tell you what to do—the consultation, I mean. Clearly, during the election you—I looked to the future; I always think you should have a look at the past.

You made a couple of comments which I think, with respect, were rather complimentary. You did say that the economy was strong, that there was a net increase in jobs. If you're to take credit for that in the first 100 days of a reign, then you'd have to give some credit to the infrastructure that was put in place. You did say also that spending had increased considerably. For the most part, we could argue most of the day whether or not that number is \$5.6 billion or some other number. I do recognize that we did increase spending, mostly on services for people, as you mentioned, to the MUSH sector; \$10 billion in health care, and I think you've acknowledged that and I do appreciate it very much.

You're still forecasting, as I look briefly at the numbers here, about a \$4.5-billion shortfall going forward for 2004-05. As a preliminary question, would that be a correct assumption, that you're looking at a \$4.4-billion to \$4.5-billion deficit for the coming budget?

Hon Mr Sorbara: No, it wouldn't be correct. If you recall, John, in the fall economic statement we presented three scenarios for balancing the budget. We presented those scenarios, as I said in my remarks, not as options but as a starting point for examination. The \$4.5-billion figure that you referred to is the amount of shortfall or deficit in the absence of any measures to adjust spending or adjust revenues.

Mr O'Toole: That's very good, because I know one of the 231 promises, of course, was to balance the budget, so I'll be on your side on that. As we all know, the government's role is to make difficult decisions, not the easy ones. To start on a positive note today, I'm not here to wrangle, except to point out those things, the difficult decisions going forward. You said the consultations with the public will not always be easy, and I found that to be the case in the minor roles that I tended to play. I guess I had a couple of other questions, to be a bit more focused here.

0930

If I looked forward to the impact of the dollar, given that the Ontario economy is basically an export-based economy, what will the implications for a decline in the

value of the dollar do to your revenue side? In your estimation, for every point or penny, if you will, of decline in the dollar, which is the pressure now—the federal monetary policy has shifted to lower interest, and consequently should have some implications with respect to your cost of borrowing as well as the economy—are there any numbers in the ministry that can relate to what the impact would be on revenue? They do have that same number in the GDP. I think that for every point in the GDP, it's about \$500 million of revenue, roughly, one way or the other. Is there a similar kind of number for the dollar implications?

Hon Mr Sorbara: I'm going to make some preliminary comments and ask Bob Christie, the deputy minister, to expand on that and give you some specifics.

The volatility of the Canadian dollar has some very negative impacts on our export market, John, there's no doubt about that. We've heard from exporters. I've heard from economists who have suggested to me that the single most important thing I could do as Minister of Finance is try to prevail on David Dodge to lower interest rates because of the impact the higher dollar has on Ontario exports. On the other hand, there are some positive aspects to the dollar as well, and those relate primarily to our Ontario businesses' ability to purchase both manufacturing equipment and technologies in the world market with a stronger dollar. A higher dollar also represents a higher overall evaluation for the entire Canadian economy. So I don't think there's an easy answer to what those fluctuations will do. Dodge just lowered interest rates, and that lowers our cost of borrowing and reduces our interest expense on a going-forward basis. On the other hand, if it has the impact of reducing the strength of the economy, it's going to attack us on the revenue side.

Bob, do you want to comment further on Mr O'Toole's question?

Dr Bob Christie: Mr O'Toole, there were some figures in the document accompanying the fall statement that may be helpful to you in this regard. Page 11 of the accompanying document, the economic and fiscal review, shows some of the sensitivities of the economy to external events, including the dollar, and indicates, for example, that in the first year an appreciation of the Canadian dollar by five cents US would have an effect of minus 0.2% to minus 0.9% on Ontario's real GDP growth. In terms of the effects of GDP growth on the economy, as you note—and this is shown on page 13 of the same document—the sustained higher growth of one percentage point in Ontario's real GDP means about \$625 million.

Mr O'Toole: A very good number—I appreciate that. The \$500 million—I was kind of going low on that implication. But, I guess, representing my riding in Durham, of course, with General Motors and a heavy auto sector, interest rates are extremely important domestically as well as to the export climate. Based on what you're saying on anticipated revenues, the interest rate implications for the housing market are extremely im-

portant. As well, certainly we see that zero interest in the auto sector is what's driving the market there.

One other point, just to change a little bit here in the limited time I have—I appreciate your leaving as much time as you did. You mentioned Bill 2, which sat before this very committee. It really was a tax increase; there's no question about it. I read an article in the entertainment section about the implications for Corus, a company. This has caused their revenue to be struck to the tune of about \$17.5 million in increased taxes as a result of the small business tax, or corporate tax, as it's called. Do you have any comment, going forward, on whether there is going to be a considered effort to continue to raise business tax? I'm going to put that in the climate that Professor Mintz will likely make a comment, and hopefully Mr Martin as well—I mean the one from the business school—with respect to our competitiveness outside of the tax regime or the interest regime, which basically is a federal responsibility, on the monetary side. But in terms of our competitiveness, Mr Phillips said many times, many days in the Legislature—no disrespect; Mr Phillips is an extremely good finance critic—that we are uncompetitive. The experts don't say that's the case. Whether it's in the form of corporate tax or monetary policy, how important is competitiveness and tax policy? That's the question. Is it part of your strategy to keep the manufacturing sector and the export sector, which we've already established is Ontario's strength—what measures can I anticipate going forward on the corporate tax side and business competitiveness?

Hon Mr Sorbara: John, I think it's a very important question. I'm not sure you are representing Gerry Phillips's views accurately. I think for years he said in the Legislature that the corporate tax cuts that were a part of the previous administration brought corporate tax rates well below what they needed to be for Ontario's businesses to remain competitive. I think that competitiveness and productivity will drive what we do in all aspects of both budgetary planning and organization of our tax system as we go forward.

The measures we took in the Fiscal Responsibility Act, 2003, rolled back certain tax cuts that were part of your administration. With those measures fully in place, Ontario's corporate tax rates remain very competitive with our major competitors, in particular US jurisdictions and other Canadian jurisdictions. That's why we had no hesitation in bringing forward those measures. One has to balance the need for revenues against the ability to generate increased revenues through the tax system. We made it perfectly clear, notwithstanding all the political rhetoric while the bill was being debated, that we would take those steps during the campaign. We are satisfied that we have not made Canadian and Ontario businesses less competitive as a result.

The Chair: We'll now move to the NDP.

Mr Michael Prue (Beaches-East York): I have a few questions here because I'm hearing a juxtaposition. I'm hearing that you want to do so many more good things and then shave out some other stuff and then not raise

taxes. Quite frankly, I think it's an impossible dream. If I could just start with that: You're dreaming the impossible dream.

I want to be very pointed and ask you the question: Is one of the options on the table having a deficit this year and no increases in taxes?

Hon Mr Sorbara: Our objective is to present a balanced budget. That's what we're working on, and I've said on a number of occasions that we need to do that without further increases in personal income taxes. I have mentioned, Michael, on a variety of occasions that we will look at non-tax-based revenues to support the revenue side of the balance sheet and our objective is to balance the budget. Have we made a commitment that come hell or high water that budget will be balanced? The answer is no.

Mr Prue: On to non-tax revenues, I read in the paper the musings of the Premier, in terms of non-tax revenues, imposing a means test on seniors and their drug benefits and imposing new user fees for the services the province provides. Is that where we're headed?

Hon Mr Sorbara: I think there has been a great deal of speculation about what steps could be taken to reduce expenditures and raise additional revenues. I don't engage in that speculation, simply because I don't think it's particularly helpful. I think it arises because we are about to begin these sets of hearings and there may be people who come before this committee to make certain recommendations. We're here to listen to that, but we're also about to begin a unique budgetary conversation with the people of Ontario, and we want to leave open to those who participate in those conversations—my goodness, you just appeared out of nowhere.

Interjection.

Hon Mr Sorbara: We want to encourage people to bring forward whatever suggestions they think it is reasonable for their government to consider.

0940

Mr Prue: On that same vein, there has been a second set of musings that involve selling off perhaps Hydro, TVOntario, the LCBO and a great many other things. Is that still a commitment of your government?

Hon Mr Sorbara: Once again, it is not a commitment of our government. These are not suggestions that we are putting on the table; they are suggestions that others have argued we ought to consider. But again, Michael, I don't want to engage in speculation as to whether or not we would get into the business of selling assets. In fact, I do not use that expression when I look at ways in which to increase revenues for the province.

Mr Prue: You've talked about reordering government and getting some 2,000 suggestions from our civil service. My reading between the lines here seems to indicate that there will be some type of downsizing about to occur. Is that a correct reading?

Hon Mr Sorbara: No, I wouldn't characterize that as a correct reading. It may be that as a result of this examination there is a consensus that there are some lines of business that the government need not be in any more.

Then we'll get out of those lines of business. But our overall objective is to concentrate on the priorities that we were elected on, and that is improving the quality of our schools, improving the quality of our health care system. What is different than the pre-election period is that the revenues available for us to achieve those objectives are significantly less than we had contemplated. That's why this exercise is so important.

Mr Prue: I think the people of Ontario deserve to know, and you must have some inkling at this stage, what sorts of programs you think the government of Ontario should not be in. Is it in the area of conservation or parks? Is it in the area of roads or maintenance? It doesn't appear to be in education or health. Is it in transit? I mean, you must have some inkling of where you want to steer.

Hon Mr Sorbara: It certainly wouldn't be in transit. Again, I don't want to compromise or prejudice the discussions we're about to have by suggesting particular areas of business that we should no longer be in. But what's interesting, and I go back to the preamble of your question, is that the consultation that we've had with the Ontario public service has not been seen as a precursor to downsizing. It has been very welcome by the 63,000 people who come to work for this government every day. The suggestions have been remarkably interesting and informative and may help us—and will help us—in the tough decisions that we're going to have to make.

Mr Prue: Can we foresee a restructuring in terms of management, layers of management, that kind of thing? Is that what you're looking at?

Hon Mr Sorbara: That is a possibility, and that's not to say that the previous administration did not undertake a restructuring of government. The public service is significantly smaller after eight years of Conservative administration than it was in 1995. It is only to say that in an organization that is as large and comprehensive in its mandate as the government of Ontario, there is a need for an environment of continuous improvement, a culture of continuous improvement and reshaping of the organization.

Mr Prue: My next question has to do with cities. We've just had a number of mayors from across the country here in Toronto meeting with Mayor Miller and a great deal of talk about needing money from senior levels of government—the federal level and, as well, the provincial level. In the provincial level they're still looking at the gas tax; they're still looking at reductions in PST; they're looking at grants. In fact, the city of Toronto alone is staring down a \$344-million debt. How, in any way, are your budget or your proposals or what you're looking at going to alleviate the problem of cities?

Hon Mr Sorbara: I think it's a very important question. I think the dialogue that is going on now between mayors of major cities and the new administration in Ottawa and the new administration here will be very productive. Again, I don't want to put any specifics on the table now. We are very sensitive to the needs not just of the city of Toronto—let's be clear here: We cannot

make this debate about the city of Toronto. In fact, from my perspective, I look at the greater Toronto area as one economic area comprised of many urban jurisdictions. So when I look at transit, for example—and I think transit has to be an important element going forward, an important element in assisting cities with their mandate—we have to look at the transit needs of the greater Toronto area and the city of Ottawa and the Kitchener-Waterloo region.

I would say that if we can work on specific elements like transit and affordable housing, and assist in a new understanding and agreement with the federal government in assisting in those sorts of things, then I think we'll start to see some major progress on issues that have been languishing for quite some time.

Mr Prue: Do I still have some time? All right.

Let's stay with the transit and the housing stuff.

You have talked about not wanting to increase personal income tax, which we understand. Is your government considering at all—I mean, if you don't have the two cents of the gas tax that you initially promised because we need it ourselves, are you considering an additional two cents dedicated to the cities?

Hon Mr Sorbara: I should say that the commitment of two cents a litre toward transit remains a commitment of this government. The question for us is—

Interjection.

Hon Mr Sorbara: The question for us, I tell my friend from Nepean-Carleton—

Mr Prue: My question is, are you considering, if we need the two cents and we can't give it to them because we need it—are you looking at another two cents?

Hon Mr Sorbara: No, we are not at this time—

Interjection.

Hon Mr Sorbara: We are not, at this time, considering an increase in the gas tax of two cents to cover that commitment.

Mr Prue: OK, and in terms of—

Interjection.

Mr Prue: I thought it was my turn.

I'm looking in terms, then, of housing. Money was promised for housing, some 20,000 new starts, if I remember your platform correctly. Is that commitment still there, and from where are you going to get the money? That's a pretty expensive promise.

Hon Mr Sorbara: And that's the challenge. As I said in my opening remarks, this isn't going to be easy. There are some very pressing priorities. The exercise that we're engaged in now is to determine how to order those priorities, which ones to defer somewhat to, say, the 2005-06 budget, and how we will aggregate all the revenues necessary to get on with the work we are committed to doing. It's not easy.

Mr Prue: No, and again I go back—I think it's an impossible dream, unless you're willing to raise additional revenues, to actually do some of these things. I know you're trying to be purposely vague, because we're at this stage—

Hon Mr Sorbara: Only to inspire the broadest debate during your hearings.

Mr Prue: I am trying to figure in my own head, because you will be holding your own hearings, the direction that this government, the members sitting opposite me here, might be taking. Is it in user fees; is it in taxes; is it in cutting of programs; is it all of the above? Is that what we're looking at here? Is that what we're going to go around the province doing for the next three weeks?

Hon Mr Sorbara: Well, let me simply put the challenge back to you, Michael, or invite you to participate in realizing the dream. I'm here this morning because I am very interested in how this committee and its members will report to the government and the Legislature on how to do that.

We have definitely left the era of "The only important thing to do is cut taxes" politics in Ontario. That was the mantra of the previous administration. Everything else was subservient to the belief that cutting taxes would be the best way to grow a stronger province. We don't believe that; we are committed to improving the quality of public services. We inherited a rather delicate fiscal challenge. So I'm inviting this committee to help define the road, help give definition to that exercise.

0950

The Chair: Now we'll move to the government.

Mr Colle: Mr Minister, this committee is about to embark on a month-long tour of the province—we're going from Timmins to Thunder Bay to Kitchener—and traditionally these pre-budget consultation hearings hear from witnesses representing certain sectors that naturally would try to explain to this committee how important their sector is and that usually they require more government resources than fewer or a change in the way that sector operates. If you were us on this committee going across the province, in our chairs here, what kinds of questions would you ask the witnesses that would help you in your deliberations in terms of the tough choices?

Hon Mr Sorbara: I think one of the comments I would invite would be to ask deputants to go beyond their individual or sectoral interest and to comment on, offer advice on, ways in which we could meet our collective challenge. Let's take health care as an example. You will be hearing, I take it, from a variety of deputants in the health care sector. Currently, health care consumes 46% of Ontario's operating budget. That's a significant amount. I think we need to begin to look at how we can deliver services in that area more efficiently, and so I would encourage you as members of the committee to put the challenge back to the people who come before this committee, to suggest to them, "Don't just come and ask for more or a bigger chunk; come with solutions that will inspire a stronger Ontario in all sectors."

Mr Bruce Crozier (Essex): Good morning, Minister. Some would say that the only salvation is to continue to reduce taxes. As you have used the term, they say that will "grow" the economy, which simply means that if we require more revenue, the taxes come from somewhere

else in the economy, let's say provincial sales taxes. And provincial sales taxes of course are paid by everybody because in some cases there are certain necessities, certain daily needs that you have so you have to pay those taxes. On the other hand, you'll get advice that the only way to work our way out of this is to simply increase taxes. Can you give me some perspective of where you as minister have to weigh these two pieces of advice, one to simply keep reducing taxes to goodness knows where, because they haven't given us any idea how low they should go, except they should be lower than everybody else, and on the other hand we can't simply raise taxes.

Hon Mr Sorbara: I think I'm going to leave the mantra of "Let's just keep reducing taxes further and further" to the three folks that want to be the leader of that new Conservative Party.

Mr Crozier: Whatever the name of it is today.

Interjection.

Hon Mr Sorbara: Two of them? No, just one of them. I was thinking of Klees, but he's running for your party.

The problem with that is that at some point—it's like the guy who tries to stay in business by continually lowering his prices until he's losing more and more money. His friend says to him, "How did you stay in business?" "I decided to close on Saturday, and then I'll close on Friday. I'll take a long weekend." Ultimately, it doesn't work. If, for example, you look at what's happening in the United States of America, there you have, I think, some very serious economic problems because President Bush has put in place significant tax cuts and significant new expenditures, with a deficit that is now approaching half a trillion dollars—I mean, it's unprecedented.

They keep saying, "It's all entirely manageable." Frankly, in the Ontario context, that kind of approach is not manageable and simply had to come to an end. The bubble burst. What happened during the election was that the people of Ontario realized, finally, that the bubble had burst and the path of more and more tax cuts was not going to result in increased revenues to the treasury to enhance services. That road really came to a dead end, and it came to a dead end most clearly in the report that Erik Peters did, commenting on the fiscal circumstances of 2003-04.

On the other hand, Bruce—and I want to make this point very, very clearly—we have to be concerned as we look at our tax system to make sure that Ontario businesses are competitive and that Ontario families have enough money in their pockets to provide for themselves. I do not believe there is any capacity to raise personal income taxes or corporate taxes in the current fiscal environment. That's why we have said we are not going to do that. That's why we've said this is very challenging, because at one and the same time we have to live within our means. Living within our means means the taxes we are currently collecting, whether they be personal or retail sales tax. That's why our challenges are

so great. That's why we will have to make some adjustments in government. But to suggest that somehow we can assist ourselves by reducing taxes at this stage just doesn't bear any connection to reality in Ontario.

Mr John Wilkinson (Perth-Middlesex): In the last few weeks in my riding of Perth-Middlesex, I've been talking to our transfer partners—the hospitals and school boards—and I've been asking them the question which I think the Premier raised: We're spending our money, and our priorities have been set for the last eight years by the previous government. If we are going to redo this, because there is a new government because people have voted for change, how would you change that?

It's interesting, because rather than people just coming to us and saying, "This is what we want. Spend more money; we don't care how you come up with it," we've asked, "What are the low priorities? What are the things that you think are stupid? What are the things we're spending money on that are ineffective?" I've been surprised by the number of suggestions I got today.

My question, Minister, being a rookie, is how do we get these cost-saving ideas—things that the government does that perhaps have just been driven by politics in the past, which on the face of it just don't make any economic sense—these suggestions that are coming forward from our transfer partners to you? I know we're doing that with the public service, but how do we get that to you?

Hon Mr Sorbara: I think there are a number of ways. First of all, just bringing them forward to this committee or sending them directly to me. I will be involved in an across-the-province consultation process as well, so they could come to the government via that route. But I think the most effective way is to urge those individuals in Perth-Middlesex to participate in this unique conversation we're about to start with the people, because that is designed to encourage those very kinds of comments. In those consultations one could participate via the Web, via electronic town hall meetings, just through submissions to you in your own capacity as an MPP, and feeding those suggestions into that process.

1000

Now, does that mean that each one of them is going to find a place in the budget? No. But if there are some 3,000 or 4,000 suggestions that come in, some of them I think inevitably will find their way into the budget and into changing the way in which we do business in a small or perhaps big way in Ontario.

Mr Wilkinson: Thank you.

Mr John R. Baird (Nepean-Carleton): On a point of order, Mr Chair: I was talking to my good friend John O'Toole. He said, "Don't ask. He won't want to do it." I said, "This guy, this new Minister of Finance, is really sharp. He'll want to do it." Would you agree to stay for another 10 or 20 minutes and answer more questions?

Hon Mr Sorbara: Perhaps 10. It's up to the committee. I'm available. I mean, the next hour is dedicated to ministry staff and technical questions.

Mr Baird: Would you agree to take 10 minutes?

Hon Mr Sorbara: Sure. Let's take 10 minutes. OK? That's up to the committee.

The Chair: Minister, we appreciate your enthusiasm, but I would need unanimous consent to allow the minister to speak or answer for another 10 minutes. Do we have unanimous consent?

Mr Colle: On a point of order, Mr Chair: We have unanimously agreed to a subcommittee report, and I guess what we have to do is move to amend the subcommittee report that they agreed to.

Mr Baird: He's agreed to 10 more minutes of questions.

The Chair: I remind the member that with unanimous consent of all on the committee, we could embark on this road.

I'll ask again: Is there unanimous consent to allow the minister to remain here for questioning for another 10 minutes? Agreed.

Mr Baird: Thank you, Minister. I appreciate that.

Hon Mr Sorbara: It's really just so that Baird can get on the record.

The Chair: Then we'll start the rotation with Mr Baird, with approximately three minutes each.

Mr Baird: Thank you, Minister. It's greatly appreciated. You're an open guy today, and I appreciate it.

Hon Mr Sorbara: Only because it was you that asked, John.

Mr Baird: Well, I appreciate it.

It would be helpful for us: What commitments can we say are sacrosanct? What promises did Dalton McGuinty and Greg Sorbara make that we just can't touch?

Hon Mr Sorbara: We could get into a careful analysis of the election campaign, but I don't think we want to do that in the three minutes that are available to us. I simply repeat the remarks that I made at the opening of these hearings, that our priorities remain the priorities that we talked about during the campaign and that we were mandated to achieve by the people who elected us. That has to do with improving our schools so that our kids are doing better; fixing our health care system so that it delivers the kind of health care that the people of Ontario want; strengthening our communities, in particular in areas like transportation and the quality of our air.

But we do not have time, nor would I want to go through a checklist to say this has—

Mr Baird: But are there any promises where you could just say to this committee, "Dalton McGuinty will never agree to a tax increase. He promised not to raise taxes in those TV ads. You're wasting your time. Dalton McGuinty has promised that"? Anything like that?

Hon Mr Sorbara: I think you've heard me say that we are not going to be raising personal income taxes as a way of solving the deficit problems that we inherited from the previous administration.

Mr Baird: I must have missed that word "income" in the commercials.

Finally, I just have one quick question: the TTC. If I was talking to David Miller and Toronto city councillors

later today and they were to say, "You were talking to Sorbara this morning," would you advise them not to raise the TTC fares and to wait for your provincial budget for help? Because they're going to have to raise fares by twice as much as they would have, possibly a 50-cent fare hike, if they started July 1. What advice would you have for David Miller and Toronto city council? Are they doing the right thing by not raising taxes, by waiting for Greg Sorbara to come to the rescue?

Hon Mr Sorbara: I think I would advise David Miller to continue the wonderful work that he's doing trying to resolve some very difficult financial issues facing the city. I would not give him specific advice on the TTC. I would tell him, as I will tell you, that public transit and gridlock, not in the city of Toronto but in the GTA, is a very serious concern to me and to our government.

Mr Baird: No specific advice for him?

Hon Mr Sorbara: We will be looking at ways to reverse the eight years of deterioration of public transportation because of the decisions that were made by the previous administration. We have to turn that around and we will turn that around.

Mr Baird: Are you talking about Mr Lastman? Are you going after Mr Lastman?

Hon Mr Sorbara: The question of fare increases we will leave to David Miller and the chair of the TTC.

Mr Baird: Minister, I want to thank you for coming before us today.

The Chair: We will move to the NDP.

Mr Prue: Back to the statement you made that our fiscal situation is not stronger and, secondly, that we cannot grow ourselves out of the deficit. I'm intrigued with that statement because the economic outlook and fiscal review from last fall says something quite different from that on page 21. On page 21 it talks about the total revenues available to the province: \$68.6 billion for last year; \$69.5 billion, which is not much growth at all; but then it shows in 2004, 2005, 2006 and 2007 growth rates which would significantly outpace inflation—significantly. Is there no way that we can grow ourselves out? I'm just curious, given your own numbers.

Hon Mr Sorbara: Significantly outpacing inflation, Michael, isn't enough to match the growth in expenditures. It's the rate of growth in expenditures, which significantly outpaces inflation, that gives us the eternal gap between revenue and expenditures. That's why we say we can't simply grow our way out of it. A stronger economy alone won't do that.

Mr Prue: But if all of the programs were untouched, if the wages of our civil servants, which are a huge portion of it, more or less matched inflation and if your growth rate went beyond, I'm failing to see why you would have to spend more money.

Hon Mr Sorbara: Again, the rate of growth of expenditures, notably health care—and I think I heard one of my colleagues say, "health care"—is well above the rate of inflation. Nobody comes to power and puts the system into neutral and just lets it just sort of proceed

down the mountain, but if we were to do that, the growth rate of revenues would not ever match the growth rate in expenditures, so that differential there would be significant.

Mr Prue: And that's because you would be expanding the programs? You would allow them to expand?

Hon Mr Sorbara: I'm talking about program expansions at their current rate. So, for example, health care expenditures have been growing historically, over a significant period, at around 7% to 8%. Assuming the continuation of the growth rate at that level, assuming the continuation of the growth rate in colleges and universities, our education system—that's what I mean. Part of our job as legislators and as government is to reshape programs so that by the end of the exercise we've got a healthy balance sheet, that we are living within our means, that we have effected program reductions where appropriate and we have met our priorities, which is ultimately what we were elected to do.

The Chair: We'll move to the government caucus.

Ms Judy Marsales (Hamilton West): Mr Minister, earlier you referenced Mr Dodge's reduction in the interest rate. While that does reduce interest charges to the deficit, it is at a rate now where reducing it further is limited in the amount of stimulation to the economy. May I ask if it's possible to demand a better share from Ottawa to help balance the books? In Hamilton, as you well know, we are a city in transition and have really been ignored by the city of Toronto relative to transit. We are going to need some injection of funds, and also to be invited to the table dealing with gridlock. May I ask for a response to that?

Hon Mr Sorbara: I'll start with your last comment. I think that corridor from downtown Toronto to downtown Hamilton is one of the most burdened maybe in the continent. We have to look to that. I remember before your election your saying to me, "I want to come to the Legislature to put Hamilton back on the map." I will be supportive in that work.

Now let's get to interest rates and to Ottawa. It was interesting that the last reduction in rates had virtually no impact on the dollar. In fact, the dollar went down when the announcement was made and jumped back up and beyond what it was, I think on the day of the announcement. So it is an imperfect tool because there are so many factors that impact on the value of the Canadian dollar, and there is virtually nothing that a government in Ontario can do to affect that at all. And Dodge sees that his powers are limited.

1010

You suggested that maybe there is a lot more that Ottawa should be doing to deal with our fiscal circumstances, and I would agree with you on that. One of the things, frankly, that has emerged in the new federalism under a variety of new governments is the creation by provincial Premiers, under the leadership of Jean Charest, of something called the Council of the Federation—provinces getting together to deal collectively with their relationship with Ottawa.

One of the elements of the Council of the Federation is—and I'm sorry to be so technical—the secretariat on fiscal imbalance. It's led by Yves Séguin, my finance counterpart in Quebec. The thesis of the secretariat is that there is a fiscal imbalance in Canada: Provinces have a greater burden for service delivery than they should have, given their ability to tax. I think the secretariat on fiscal imbalance is going to be one of the mechanisms used to work out the next generation of relationship between Ottawa and the provinces. Ottawa does have tax levers that are not available to us. They are running a surplus; increasingly, provinces, including Ontario, are running significant deficits. That will be part of the great Canadian debate: Are we sharing revenues appropriately?

I know that on Friday the Prime Minister and the Premiers will be getting together to address that topic and I hope there is good news coming out of that meeting.

The Chair: I thank you again, Minister, for being here with us this morning—

Hon Mr Sorbara: Could I stay another 10 or 20 minutes, please?

The Chair: —and spending that extra time with the committee.

I would call upon the Ministry of Finance to come forward. I would ask that members of the Ministry of Finance please introduce yourselves for the benefit of the members on the committee and as well for Hansard.

Mr O'Toole: Mr Chair, just before we get going, can we get a copy of Mr Sorbara's comments? He seemed to be reading from a text. If we can get a copy of that, I'd appreciate it.

The Chair: We can ask.

Mr O'Toole: Not just the Hansard, which will be a couple of weeks.

The Chair: You would like a copy of the minister's opening address.

Mr O'Toole: Remarks, yes.

The Chair: We will see if we can have that for all members of the committee.

You may begin. As I stated, would you please introduce yourselves for the benefit of our Hansard record. Go ahead, gentlemen.

Dr Christie: My name is Bob Christie. I'm the deputy minister at the Ministry of Finance. I'll do a short introduction of my colleagues here at the table and then have them, as the responsible assistant deputy ministers, give you a more in-depth briefing on the various areas for which they are responsible and which form the core of the fall Ontario Economic Outlook and Fiscal Review.

As you know, the government has announced a public engagement process leading to the 2004 budget. Information contained within the quarterly finances and the economic accounts being released today, as well as in the economic outlook and fiscal review in December, hopefully will provide a useful context for the committee and for that public process.

To my left is Phil Howell. Phil is the chief economist and assistant deputy minister of the office of economic

policy. Phil will provide more information on Ontario's economic situation and economic outlook.

To my right is Gabriel Sékaly. He is the assistant deputy minister of the fiscal and financial policy division. Gabe will be providing details of the province's fiscal situation, as well as accounting and financial presentation changes implemented in the 2002-03 public accounts.

Gadi Mayman, sitting to Gabe's right, is the acting CEO and vice-chair of the Ontario Financing Authority. Gadi will provide a review of our debt and financing activities.

I'll ask Phil to begin.

Mr Phil Howell: I'm pleased to have the opportunity to address the standing committee today. I would like to provide some perspective on the current performance and outlook for the Ontario economy. I'll discuss the most recent economic data, and then I will address some risks to the outlook, with a particular focus on the Canadian dollar and the competitiveness challenge posed by the exchange rate. Finally, I will discuss factors shaping the economic outlook and update you on the consensus forecast for the economy. I hope this economic backdrop will assist you in your forthcoming hearings at Queen's Park and around the province.

This slide summarizes the outlook for the Ontario economy. Private sector forecasters, on average, expect Ontario real economic growth to accelerate from 1.6% in 2003 to a range of between 3% and 3.4% over the next three years. This expected growth in real GDP translates into nominal GDP growth of about 5% per year. That is the current dollar value of goods and services produced in Ontario. The reason for that is that inflation is expected to remain low. Job creation is expected to continue and accelerate over time, helping the unemployment rate decline.

Before looking more closely at the outlook, let me now turn to recent economic developments. The Ministry of Finance is releasing the third quarter Ontario economic accounts today for the July to September period. They show that Ontario's real gross domestic product fell at an annualized rate of 2.5% in the third quarter of 2003, following a 0.7% decline in the previous quarter. The two-quarter decline in real GDP marks the first time since the third quarter of 1992 that growth has declined in two consecutive quarters. However, the downturn was almost entirely the result of the extraordinary events of this past spring and summer, namely, the SARS crisis, mad cow disease and the August blackout.

Strong gains in household and business spending, including a surge in machinery and equipment investment, offset some of the third quarter weakness. Spending in these areas helped raise final domestic demand 1.2% higher in the third quarter.

While the fourth quarter economic accounts will not be available for some time yet, recent data suggest the Ontario economy rebounded in the fourth quarter and is well positioned for solid growth through 2004. Private sector forecasters are unanimous in calling for a rebound in Ontario and Canadian growth in the fourth quarter,

with the consensus expecting Canada to grow by 3.9% at an annual rate and Ontario to grow by 3% at an annual rate.

In particular, the Ontario labour and housing markets closed out 2003 with very strong results in December. Employment grew by 35,400 jobs in December, bringing the number of jobs created during the September to December period to 72,600.

Businesses cut non-farm inventories by more than \$2.1 billion in the third quarter, reversing the \$4.5-billion buildup in the second quarter. With stocks now significantly lower, the likelihood is strong that both inventory rebuilding and increased production will occur in the upcoming quarters as businesses replenish stocks to meet strengthening demand as the domestic and international sectors continue to expand.

1020

The data for the first three quarters of 2003 compared to the same three quarters in 2002 show that domestic demand—that is, spending by consumers on goods and services and housing and by business on machinery, equipment and factories—stayed quite strong. However, as this slide shows, net trade—that is, exports minus imports—subtracted from growth over this period.

As mentioned earlier, the impact of the rising Canadian dollar and the pervasive effects of last August's Ontario-US power outage were contributing factors slowing Ontario's export growth. Furthermore, US demand weakness in several of Ontario's key export markets exacerbated the problem. US auto sales slipped nearly 1% to 16.6 million units in 2003, the lowest level since 1998, and real business spending on non-computer machinery and equipment fell over 5% in the first three quarters of 2003 compared to a year earlier. At the same time, the strength of domestic demand has boosted import growth, resulting in a drop in Ontario's net trade balance.

Private sector forecasters now believe that real growth for 2003 as a whole will be 1.6%. Growth has come down sharply from expectations at last March's budget, in large part reflecting the uncertainty created by the war in Iraq, the negative impact of severe acute respiratory syndrome on the Ontario economy, the August blackout and the higher value of the Canadian dollar.

The consensus estimate of growth for 2003 has also slipped by a tenth of a percentage point from the 1.7% estimate published last month in the fall economic statement. The private sector estimates for 2003 have not yet fully incorporated the latest information about how the economy did last year, including the third quarter data to be released later today.

It is quite possible, indeed likely, that the consensus will fall further. However, we have not changed our revenue projection for 2003-04 from the fall statement at this point. Income tax returns from both individuals and corporations become known to us only with a considerable lag, and final information is not yet available. However, risks to the revenue forecast do remain, even though we are in the final months of the fiscal year.

Employment fell by 24,000 jobs from April to August in 2003 as the economy weakened, reflecting the negative impact of the series of shocks which hit the economy. As mentioned earlier, the Ontario economy closed out 2003 on a strong note by creating 35,400 net new jobs, two thirds of which were full-time positions, bringing the number of jobs created during the September to December period to 72,600. For the year as a whole, Ontario employment increased by over 160,000 jobs, up from 105,300 net new jobs in 2002. The annual average unemployment rate declined slightly to 7% in 2003 from 7.1% the previous year. As of December, the unemployment rate was 6.7%.

Ontario is quite dependent on trade, specifically exports to the US. It is no secret that competition in the international economy has been growing increasingly challenging over the past decade. The recent increase in the Canadian dollar adds to those challenges. It will not make life easier for Canadian exporters, but it does have positive aspects as well. It will encourage them to try to achieve higher levels of productivity.

The Ontario government has an important role to play in this challenge as well, because the quality of infrastructure and services provided by government is one of the key factors in what makes our economy competitive.

The US dollar has fallen against all major currencies, with the exception of the Chinese yuan. Since the beginning of 2003, the Canadian dollar is up more than 20% relative to the US dollar. This is the largest increase in the Canadian dollar relative to the US dollar that we have ever had in a one-year period. You have to go back to 1988 to find the previous largest 12-month increase, and then it was only about 10%.

The Canadian dollar was clearly undervalued in the past several years, and a rise in the dollar from that perspective was desirable. The rapid pace of adjustment, however, makes it particularly difficult for exporters. The Bank of Canada is aware of this problem and it cut its key lending rate last week. It's possible that further rate cuts will be needed in coming months.

A stronger dollar has some clear benefits, including raising the standard of living of Ontario consumers by making imported goods cheaper. It also makes investment in new, higher-productivity machinery and equipment more affordable for Ontario companies, since the bulk of this equipment has to be imported. However, it is likely to lead to a restructuring in terms of greater efficiency and reduced job growth in manufacturing.

The next few slides will help illustrate the competitive challenge facing Ontario's businesses. Nowhere is this more important than in manufacturing, since about 60% of our manufacturing production is exported to the US.

Manufacturing employment has been on a declining trend in most advanced countries, including the US. Ontario bucked that trend mainly because of the low dollar in the second half of the 1990s. Manufacturing employment started to weaken in 2001 with the decline in high-tech manufacturing. This weakness continued in

2003, with a variety of sectors affected. Auto industry employment has not declined in absolute terms but has had no net growth since 2000.

In order to remain competitive, Ontario manufacturers will have to increase efficiency and cut costs. Lower prices for imported equipment will help encourage productivity, enhancing investment. In some cases this will involve job reduction, so we should not expect a resumption in manufacturing job growth in the coming year. The manufacturing sector accounts for about 18% of total Ontario employment.

In addition, manufacturing industries purchase many business services from the rest of the economy, so the overall importance of manufacturing to the economy is considerably larger when this multiplier effect is taken into account. Incomes in manufacturing are higher than average, and manufacturing exports account for about a quarter of Ontario's GDP.

In this chart we compare average hourly wage costs in manufacturing in Ontario with the US average. From 1995 to 2002, wage costs rose faster in the US than in Ontario, at the same time as the Canadian dollar declined. As a result, by 2002, average hourly wage costs in manufacturing in Ontario, including benefits, were about 20% below the US average. This was a very unusual situation and indicated that our dollar was significantly undervalued.

In 2004, if we assume the consensus forecast of about US\$0.78 per Canadian dollar, Ontario's manufacturing wage costs per hour will be about equal to the US. By this measure, Ontario is still in a much better relative position than in the early 1990s, when Ontario's wage costs were 30% higher than in the United States.

Ontario's manufacturing employment growth has been particularly impressive, compared to the declining total of manufacturing jobs in the US, which have fallen about 15% since 1995. Ontario's strong performance would probably not have been possible without the market access that we gained due to NAFTA. Ontario's manufacturing employment is equal to about 6.5% of manufacturing employment. Taking into account Ontario's relative population, on a per capita basis Ontario has 50% more manufacturing jobs than the US.

In the current dollar environment, the price of new machinery and equipment has fallen, since it's largely imported. Since machinery has become cheaper relative to wage costs, many companies will look to installing new productivity-boosting equipment in order to cut costs and become more efficient. It will take time to acquire and install new productivity-boosting equipment, so employment impacts will lag. The historical pattern suggests that exchange rate changes affect employment with a lag of about two years. Therefore we should expect continuing pressure on manufacturing in 2004.

1030

The previous chart compared only wage costs and did not attempt to take into account differences in productivity growth between Ontario and the US. For comparisons of competitiveness, economists often look at the

change in labour costs per unit of output, which reflects changes in productivity. Here our advantage has begun to erode when we factor in the stronger productivity growth in recent years. However, the productivity differential was primarily attributable to the extraordinary productivity growth in the computer and electronic products industries, which are significantly larger in the US than here, in a relative sense.

For the majority of manufacturing industries, including transportation equipment, Ontario's productivity growth matched or exceeded the US average during the 1990s. Therefore, overall US performance considerably exaggerates the relative competitive ability in all manufacturing industries. In fact, there are numerous reasons to believe that our industries are still very competitive. We have a very advantageous location within the open North American market. NAFTA is more than 10 years old now, and there has been considerable integration of production lines for greater efficiency. Ontario products and production have become a vital and integral part of the output of many major continental operations. Our health care system still delivers very high quality health care at less cost than in the US. We have one of the best-educated workforces in North America, and we have a stable social climate that is conducive to efficient business operations.

The dollar's fluctuations have had the most dramatic impact on Ontario's competitiveness in the past year, but there are many other factors that affect our competitiveness in the long run. Tax rates are one factor affecting the location of investment, and it is important for them to remain competitive. Ontario's corporate tax rates for 2004 are about three percentage points lower than the US average. However, international studies have found that numerous other factors are also important, including the quality of infrastructure and the quality of training and health care available to the labour force.

The Ontario government's focus on fiscal responsibility is also very important. Investors will shy away from a jurisdiction with persistent deficits because of concerns that it will lead to a combination of higher taxes and reduced government services in the future.

I will now turn to the outlook over the next three years. This slide shows the evolution of the private sector forecasters' real GDP growth outlook for Ontario since last March and since the economic outlook and fiscal review a month ago. Real growth is now expected to be slightly weaker over the forecast period. Ontario is wide open to the world economy. Its growth depends to a large extent on external developments, notably the economic health of its leading trading partner, the United States, as well as the rise and fall of interest rates and movements in the Canada-US exchange rate. As the experience of the past year vividly shows, the economy can also be severely impacted by unanticipated shocks. The potential impact of these unexpected events underscores the need for prudence in planning.

The US is our most important trading partner. Their growth is expected to accelerate to 4.6% in 2004 and then

stay at healthy rates of 3.7% and 3.5% in the following two years. The improvement in US growth reflects ongoing low interest rates; the stimulative effect of increased government spending, largely on defence; significantly stronger business investment; rising consumer and business confidence; higher profit margins; and steady income gains. This pattern is one of the reasons that forecasters see Ontario growth strengthening in 2004 compared to this year.

As mentioned earlier, the Bank of Canada reduced its key overnight interest rate by a quarter point on January 20 to help offset the Canadian dollar's negative impact on economic growth.

Lower interest rates are another reason for some optimism about the outlook. With inflation contained, monetary authorities have the latitude to maintain low interest rates. Long-term bond rates are expected to remain largely unchanged in 2004. Yields are projected to increase gradually during the 2005-06 period as the performance of the economy strengthens.

As noted earlier, the steep rise in the Canadian dollar is a significant challenge. However, this slide shows that despite the high dollar, exports are expected to rebound this year. The reason for this optimism is found in the expected strong growth of the US economy. Despite a 20% appreciation in the Canadian dollar over the past year, Canadian business confidence has risen, up 15.1% in the fourth quarter, following a similar increase of 15.7% in the third quarter.

Household spending is also expected to be a source of strength over the next few years. Although household debt levels have continued to rise, the cost of carrying that debt is low by historical standards. The ratio of Canadian household debt cost to personal disposable income was 7.5% in the third quarter of 2003, below the average 8.1% over the 1980 to 2003 period. The reasons are low interest rates and higher personal income. Furthermore, rising house values and an improvement in the stock market have bolstered household wealth. Healthy household finances are expected to sustain solid consumer spending over the forecast period. Low interest rates combined with steadily rising personal disposable incomes are also contributing to an improvement in consumers' ability to service their debt. This is a key factor that will continue to support consumer spending.

Ontario consumers remain confident in the face of setbacks such as SARS and the electricity blackout. While consumer confidence slipped 2.5% in December, it remains 2.6% higher than its level at the end of 2002 and is 7.2% higher than the average over the 1980 to 2003 period. Low mortgage rates and rising incomes have helped keep housing affordable for Ontario's growing population. Starts reached 85,200 in 2003, up from 83,600 in 2002 and the highest level since 1989. Though new starts are expected to retreat somewhat from last year's exceptionally robust performance, relatively low mortgage rates and healthy levels of immigration will continue to encourage historically high levels of housing demand and construction.

Corporate balance sheets are also quite strong. This slide reveals how business debt-to-equity ratios have declined. Healthy balance sheets, favourable financing conditions and competitive corporate income tax rates will support a pickup in investment spending over the next three years as businesses respond to increasing demand.

Business investment in plant and equipment has been weak since the high-tech bubble burst in 2000, and only began to recover in 2003. This recovery in business investment which has started to take shape is expected to continue, reflecting improving underlying demand conditions, rising profits, stock market gains and healthy balance sheets. The higher dollar has lowered the cost of investing in machinery and equipment—about 60% of capital equipment used by Ontario businesses is imported. This will help to spur increased investment in productivity-enhancing machinery and equipment.

As noted earlier, real GDP is expected to strengthen. This will support continuing job creation and a decline in the unemployment rate. The unemployment rate in December was 6.7%, and it is likely that the consensus forecast for the unemployment rate will come down as forecasters update their labour market projections.

Ontario's inflation rate is expected to moderate to 1.5% in 2004. Lower inflation reflects lower oil and gas prices measured in Canadian dollars, continued competitive pressure to improve cost efficiencies in production, plus the government's actions to lower auto insurance premium rates.

The behaviour of the US economy, crude oil prices, interest rates and the exchange rate can have a significant impact on Ontario's economic performance. The table shows the typical range for the first- and second-year impact of changes in these outside forces on the real growth of our economy. These estimates are based on historical relationships and illustrate the upper and lower bounds for the average response. In any actual situation, of course, the combination of other circumstances can also have a substantial bearing on the outcome. The magnitude of these impacts shows the importance of cautious planning, since the growth of Ontario's economy and revenues depends critically on factors outside our control. Other unpredictable events, such as the outbreak of SARS and the power blackout in August, also underscore the need for prudent fiscal planning.

1040

The next slide shows the sensitivity of the fiscal balance to the direct impact of higher interest rates on interest on debt and the impact of stronger economic growth on revenues and expenditures. These responses would hold, on average, but could vary significantly depending on the composition of change in income and expenditures.

Private sector forecasters are clearly confident that Ontario's economy is poised to continue its rebound from the 2003 slowdown. While individual forecasts naturally vary around the average, all expect solid growth over the next three years. Consumers and businesses are equipped

with healthy balance sheets to take advantage of the opportunities provided by the domestic and international economies. The dollar will pose challenges, but strong US growth will mitigate some of the impact. As well, the Bank of Canada appears likely to keep interest rates in check over the near term. Thank you.

Mr Gabriel Sékaly: Good morning. My name is Gabriel Sékaly. I'm the assistant deputy minister of the fiscal and financial policy division. I would like to spend a few moments to provide you with an update of the province's fiscal situation as reported in the third quarter Ontario finances, released today, as well as briefly outline recent accounting changes and some initiatives aimed at making the government more efficient, effective and accountable.

To begin, I'd like to briefly summarize Ontario's fiscal performance for last year. As this slide shows, the 2002 public accounts reported a surplus of \$117 million in 2002-03 on revenues of \$68.6 billion. This surplus was smaller than the \$375 million reported in 2001-02 and the \$1.9-billion level reported in 2000-01, as provincial spending growth has exceeded revenue growth in recent years.

As many of you know, and as the minister talked about this morning, Ontario is currently facing a structural deficit, one that is permanent in nature unless action is taken. This imbalance between expense and revenue in Ontario can best be illustrated using this slide: In 2000-01, Ontario recorded a \$1.9-billion surplus; taxation revenues, at \$49.5 billion, were almost equal to Ontario's program spending of \$51.1 billion. Since 2000-01, however, tax revenues have increased marginally, by half a billion dollars, as the impact of a slowing economy and provincial revenue was further impacted by provincial tax reductions. Over the same period, spending on provincial programs increased by over \$10 billion. While these past spending increases were often for priorities—higher spending on health care, for example—the province's revenue base could not support these higher levels of spending and tax cuts at the same time. As well, more spending does not necessarily translate into better services.

The rapid growth in spending in recent years, combined with the impact of tax cuts on base revenue growth, has produced a fiscal situation that is not sustainable. This year, the province is spending considerably more than it collects in revenue. To put it simply, the province is not living within its means.

The third quarter Ontario finances, released today, show that as of December 31, 2003, Ontario is projecting a deficit of \$5.6 billion for 2003-04, unchanged from the 2003 Ontario Economic Outlook and Fiscal Review, which was released in mid-December. This outlook is also consistent with the Erik Peters report, updated to reflect the impact of recent revenue and expense measures announced by the government.

Total revenue is currently projected at \$69.5 billion for 2003-04, unchanged from the level reported in mid-December and up \$923 million from the 2002-03 level.

This increase from last year is primarily due to higher payments from the federal government—\$1.4 billion—and a modest increase in tax revenues, partially offset by lower income from government enterprises and other non-tax revenue.

Total expense in 2003-04 is projected at \$75.2 billion, unchanged from the level reported in mid-December, but is an increase of \$6.7 billion from the 2002-03 level of \$68.5 billion. This increase in expense is primarily due to higher levels of spending for health care, education, the post-secondary sector and infrastructure.

While total expense at \$75.2 billion at the third quarter is unchanged from the mid-December fall statement, there have been a number of in-year increases, but they were all offset from either the operating or the capital contingency fund. Major changes this quarter in operating spending include \$45 million for a negotiated settlement between the province and the Ontario Provincial Police Association, \$10 million for child care and early learning programs, \$2 million for a major case management computer system in the Ministry of Community Safety and Correctional Services and \$1 million for First Nations policing for renewal of funding agreements. All of these in-year increases were fully offset from the operating contingency fund. In addition, a further \$19 million in new capital spending was approved, fully offset from the capital contingency fund for capital projects at colleges and universities to create new spaces for students.

As I've indicated, the third quarter \$5.6-billion deficit outlook is consistent with the Erik Peters report, updated to reflect a recent announcement. This slide highlights major changes from Erik Peters's report and, as you can see, the most significant change is due to the change in accounting for the Ontario Electricity Financial Corp to bring the 2003-04 presentation in line with the 2002-03 public accounts. This change in OEFC presentation is fiscally neutral and did not affect the bottom line. The current revenue outlook as of third quarter is \$2.4 billion higher than the level in the Peters report, with \$2.1 billion of the increase due to the inclusion of OEFC revenue in the province's revenue total as per the 2002-03 public accounts. The balance of the difference is accounted for: a half-a-billion-dollar increase due to the estimated impact of revenue measures in the Fiscal Responsibility Act; an \$830-million increase from a change in the treatment of SARS-related support from the federal government, which was partially offset by a half-a-billion deterioration in the tax revenue outlook based on the most recent economic information.

Expense was increased \$3.1 billion from that reported in the Peters report, with \$2.8 billion of the increase due to including OEFC spending in provincial expense, as per the 2002-03 public accounts. The balance of the difference is due to a \$330-million increase from a change in the treatment of federal SARS-related support, and a \$625-million increase for the establishment of a contingency fund, which is consistent with the Peters report recommendations, offset partially by about a \$400-

million expense savings from cancelling the seniors' property tax rebate. A \$700-million increase in electricity sector stranded debt that was included in the Erik Peters report does not appear as a separate line in the current presentation, as OEFC revenue and expense have been included on a line-by-line basis in the provincial totals.

The next slide illustrates the longer-term implications of the structural deficit that Ontario currently faces. The medium-term fiscal projection provided on this slide for Ontario is based on a no-policy-change outlook that assumes no further changes to the current tax structure beyond those already announced or to existing programs and services. Revenue growth into the medium term is based on the projection of the economy that uses the average of private sector forecasts for Ontario. The revenue outlook does not include any further tax changes beyond those already announced by the government. The expense outlook into the medium term assumes program spending growth of about 5%, in line with experience in recent years. Capital spending is maintained at \$2.5 billion annually. Interest on debt costs increase to reflect the estimated impact of ongoing deficits. This projection shows that without policy action, the deficit will be in the range of \$4.5 billion for the next few years. The government has indicated that this no-policy-change outlook is unacceptable and has indicated it will initiate a public engagement process with the general public and stakeholders on how best to deal with the fiscal challenges ahead.

The no-policy-change projection also shows that given the current revenue outlook over the medium term, revenue growth from a growing economy alone will not be sufficient to balance if spending growth continues at current rates.

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This slide illustrates the impact of different assumed levels of spending growth on the province's deficit, beginning with a \$5.6-billion deficit outlook for 2003-04.

To balance the budget in 2004-05, total spending would actually have to decline by 2.6% from the projected 2003-04 level, excluding the impact of the \$720 million in SARS-related expenses in 2003-04.

Provincial spending has declined year over year only once in the past 10 years. Balancing the budget by 2005-06 or 2006-07 is possible as long as spending growth is more moderate than in recent years.

To balance by 2005-06, spending growth would have to be held to a maximum of 1.3% on average for the next two years. Balancing by 2006-07 requires spending growth to be held to an average of 2.3% a year for three years.

A no-policy-change scenario assumes total spending growth of about 4.6% on average, which reflects historical growth patterns consistent with the past five years and interest on debt costs associated with the ongoing deficits.

While these fiscal scenarios serve to illustrate the many difficult choices facing the government as it plans for a balanced budget, it should be noted that these sce-

narios use planning assumptions only. These underlying assumptions could be materially altered by government decisions and advice, including advice received through the forthcoming public engagement process. It is expected that, as a result of the public engagement process, the eventual outcome could differ substantially from the scenarios presented.

I'd like to now turn to accounting changes implemented in the 2002-03 public accounts. The 2002-03 fiscal year was a landmark year for implementing improvements in Ontario's public accounts. Consistent with new accounting standards recommended by the public sector accounting board of the Canadian Institute of Chartered Accountants, the province implemented the most significant improvements in its financial reporting since 1993-94.

First, the province introduced a new financial statement discussion and analysis section into the 2002-03 annual report and consolidated financial statements. This new section of the annual report provides an easy-to-read discussion and analysis of the province's financial results and is similar to the management discussion analysis section found in private sector annual reports. It is a straightforward description of the actual revenues received and expenses incurred by the province in 2002-03, compared to those budgeted. It graphically depicts the growth in revenues and expenses over the last 10 years. It highlights the significant growth in health care, education and social program spending in the last three years, compared to the marginal change in taxation revenues.

A new financial discussion analysis is a major step forward in communicating the financial results of the province in the public accounts and increasing transparency and understanding.

In terms of the consolidated financial statements themselves, the province implemented a number of other significant improvements in 2002-03 as public sector accounting standards move closer to the accounting practised by corporations and other non-government organizations in Canada.

In accordance with the new PSAB standards, tangible capital assets have been recorded in the province's consolidated financial statements for the first time. The province is phasing in the implementation of this new accounting policy.

In 2002-03, land, buildings, roads and transportation infrastructure assets owned by the province were recorded in its financial statements. It is estimated that this represents over 90% of the total value of tangible assets owned by the province. In addition, all tangible capital assets owned by government organizations consolidated in the financial statements were recognized.

Under this new accounting policy, the costs of tangible capital assets are being capitalized and amortized as expenses of operations over their estimated useful service life. In prior years, the costs of tangible capital assets were recognized as expenses when the assets were acquired or constructed.

To implement this new policy, a major effort was required by staff at the Ministry of Finance, the Ministry

of Transportation and the Ontario Realty Corp to determine the \$13.3-billion net book value of the province's tangible capital assets as at April 1, 2002. The introduction of this new policy provides not only a much better accounting basis for determining the actual annual costs of operations but also a stronger base for government decision-making in the management of these assets.

With the introduction of tangible capital asset accounting, a new financial statement presentation was adopted for the 2002-03 fiscal year, consistent with the new format recommended by the Public Sector Accounting Board. With the adoption of this revised format for its financial statements, the province is more clearly presenting its critical bottom-line financial results, its annual fiscal balance, its accumulated deficits, its change in net debt and the change in its cash position during the year.

Furthermore, commencing in the 2002-03 public accounts, the Ontario Electricity Financial Corp has been included in the province's consolidated financial statements on a line-by-line basis, consistent with the Public Sector Accounting Board's recommendations for consolidation of government organizations. With this change, all government organizations that are consolidated in the province's financial statements are being included on a consistent basis. This change is also consistent with the recommendation in the Erik Peters report. In prior years, a special reporting status was accorded to the OEFC, due to the legislative structure in place, to ensure that OEFC's revenues are derived from the electricity ratepayers, not taxpayers. This legislative structure remains in place. I should also note that we have restated the results going back to 1999-2000, consistent with this new treatment. That was the time that the OEFC was created.

In summary, four major improvements in accounting and financial reporting were implemented for the 2002-03 public accounts. These were the most significant changes in accounting implemented since 1993-94. They have moved the province's financial reporting closer to the accounting practised by corporations and other non-government organizations in Canada. From an accounting perspective, 2002-03 was the year that the province moved into the 21st century.

But that's not all. There may be more fundamental accounting changes to come for the province. In August 2003, the Public Sector Accounting Board recommended broadening the definition of government organizations to be included in the consolidated financial statements of governments for fiscal years commencing April 1, 2005. At present, government organizations included in the province's consolidated financial statements are those that are owned and controlled by the province and that are accountable to a minister of the government or directly to the Legislature for the administration of their financial matters and resources. Currently, in addition to provincial ministries, there are 27 government organizations included in the province's consolidated financial statements, as shown on page 61 of the annual report.

Under the revised definition proposed by the Public Sector Accounting Board, organizations that are con-

trolled by the province are to be included in its consolidated financial statements commencing April 1, 2005. The criterion that organizations also be accountable to a minister of the government or directly to the Legislature for the administration of their financial affairs has been dropped. PSAB is proposing nine indicators of control for determining whether or not an organization should be included. Among the broader public sector organizations potentially impacted by this revised definition are the province's 160 hospitals, 815 long-term-care facilities, 72 school boards and 25 colleges of applied arts and technology. PSAB has specifically exempted municipalities from consideration.

In its 2003 annual report, the Office of the Provincial Auditor concluded that the two strongest candidates for inclusion under the revised definition are Ontario's colleges and school boards. The Provincial Auditor also concluded that universities did not meet the criteria for inclusion. The auditor went on to encourage an assessment of Ontario's hospital sector and its long-term-care facilities be completed.

There are significant implications for organizations included in the province's consolidated financial statements. These organizations would have to prepare their financial statements for consolidation on the basis of government accounting standards issued by the Public Sector Accounting Board. Currently, most of these organizations follow other accounting standards.

In addition, financial information would need to be provided by these organizations on the basis of the government's March 31 fiscal year-end. Currently, some of these organizations have other year-ends, such as school boards, which have an August 31 year-end.

Furthermore, these organizations would have to provide information and updates on the basis of the province's budgeting and financial reporting cycles. Each of these organizations in the province would have to implement changes in their financial systems and processes to meet these requirements.

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Given the number of organizations potentially impacted, implementing this recommendation of the Public Sector Accounting Board would be a significant undertaking in terms of both costs and time. We have suggested to the Public Sector Accounting Board that a complete cost-benefit analysis be completed prior to proceeding with this recommendation. In the interim, the Ministry of Finance continues to work with the Office of the Provincial Auditor in addressing this matter.

I'd like now to turn to best practices in terms of budgetary transparency and moving to outcomes or results-based budgeting. There are many ways for a government to ensure fiscal discipline. One of the most common methods is balanced budget legislation, but academic evidence has shown that balanced budget legislation alone is not enough. This is not to argue that the objective of a balanced budget should not be legislated, but what is required is a legal framework for transparency and accountability that can greatly enhance

fiscal responsibility if it goes hand in hand with balanced budget legislation.

The public is demanding more transparency, not only from government but from all organizations, whether it be in the public or the private sector. They are demanding full, timely and relevant evidence upon which to base confidence in the province's finances. Government is looking at new ways to add confidence, including analyzing best practices from around the world. Ontario can learn a great deal from similar reforms in other jurisdictions, but care needs to be taken to ensure the viability of those reforms in Ontario. Some examples of this: In Australia, the government issues a pre-election report within 10 days of the call for a general election. New Zealand publishes a fiscal outlook with 10-year projections. Oregon presents non-financial information on 90 different indicators.

Governments everywhere are increasingly developing and reporting measures on public sector performance. These efforts are designed to focus attention on the results of public sector spending rather than simply on the amount of money spent. These efforts are designed to drive improvements in public sector services by including performance information in budgeting decisions. There are several examples of specific performance management frameworks in Ontario: for example, the hospital report cards and the municipal performance measurement program. We are looking at ways of expanding our use of performance information in budgeting in Ontario.

These are but a few examples of how the Legislature and government can better report to all its citizens on its activities and on its achievements.

Mr Gadi Mayman: Mr Chair and members of the committee, my name is Gadi Mayman. I am the interim CEO of the Ontario Financing Authority, OFA, which is the organization responsible for managing the province's debt.

I'm pleased to provide the committee with an update on the province's borrowing and debt management program. In 2003-04, total long-term public market borrowing requirements for the province in the Ontario Electricity Financial Corp, OEFC, which manages the debt and other liabilities issued by the old Ontario Hydro and guaranteed by the province, are a combined \$22.7 billion. This amount includes \$14.4 billion of debt maturities and redemptions and \$5.6 billion from the projected deficit.

As of today, the OFA has completed \$20.2 billion of this \$22.7-billion requirement for 2003-04. While Canadian-dollar-denominated bonds have been the main source of funding for the province and OEFC in 2003-04, the OFA has successfully reduced interest costs by accessing foreign currency markets when favourable market conditions exist.

This fiscal year, the OFA has issued one euro-denominated bond and three US-dollar global bonds in addition to four foreign-currency euro medium-term notes, denominated in Australian dollars, Hong Kong

dollars, Swiss francs and Japanese yen. The OFA maintains a flexible financing approach and will continue to monitor domestic and international markets, seeking out the most cost-effective borrowing opportunities.

The province borrows in any major capital markets where it's cost-effective to do so. In fact, the province's and OEFC's debt outstanding—the measure of all debt issued for provincial purposes and OEFC—consists of bonds issued in 10 different currencies across domestic, US, European and global markets.

The largest component of Ontario's debt outstanding is debt issued in Canadian dollars. The Canadian-dollar debt consists of over \$112 billion in outstanding long- and short-term debt. Ontario's net debt, which represents the province's and OEFC's total liabilities, less financial assets, is projected to be \$139 billion as of March 31 of this year.

The OFA takes a flexible and pragmatic approach to borrowing. Flexibility allows the OFA to take advantage of cost-effective financing opportunities, which is particularly important during periods of financial market volatility. The OFA will maintain its prudent debt management policies and practices to ensure that the province's debt portfolio is managed in the most cost-effective manner possible.

Refinancing maturing debt and bond redemptions remains the primary focus of the province's and OEFC's borrowing program. The province and OEFC have significant levels of maturing debt this fiscal year, at \$13.3 billion, and over the next two years at \$16 billion and \$18.3 billion in 2004-05 and 2005-06 respectively. In order to minimize potential refinancing rate risk, the OFA is sensitive to the province's debt maturity profile when selecting the term for new debt issues. The OFA therefore aims for a balanced maturity profile by scheduling maturities for new issues into years that currently have lower levels of maturing debt.

The OFA manages the province's debt and liquid reserves prudently and cost-effectively. Annual financing and debt management plans are prepared by the OFA. Key factors which are taken into consideration include economic assumptions, interest rate forecasts, foreign exchange forecasts, target ranges for floating interest rate and foreign exchange exposures, and contingency plans for forecast errors.

We strive to be at the forefront of debt portfolio performance measurement. The cost-effectiveness of borrowing, debt management and investment activities are measured daily against benchmarks approved by the OFA's board of directors. This ensures management is aware of financial market volatility and obtains the necessary background intelligence to take immediate action.

As you can see from this slide, we are well within our exposure limits for both foreign exchange and interest rate exposure. You may be surprised on the foreign exchange side to see how small those numbers are, given how much we've borrowed in foreign currencies. The reason for that is that most times when the OFA issues

debt in foreign currencies, it's converted back to Canadian dollars to remove that foreign exchange exposure.

Following the release of the Peters report in October, the Dominion Bond Rating Service, Standard and Poor's, and Moody's Investors Service all confirmed their AA ratings on the province. Ontario's current long-term credit ratings, as you can see from the slide, are all in the mid-AA range. Ontario remains the second-highest-rated province in Canada, behind only Alberta.

The Chair: That completes your presentation. We have a little less than an hour, so we are looking at about 18 minutes per caucus. We'll start with the official opposition.

Mr O'Toole: It's been a pleasure to get some real detail from the ministry people. I appreciate your ongoing work. I know Mr Baird will have more technical questions than I because he is the critic for finance, but I sort of have an appreciation for the implications for PSAB and I'm beginning to understand it. I think you've helped this morning.

There are a couple of things that I'm quite interested in. I'm just looking through some of the things each of the presenters said. I'm quite interested in the implications for the MUSH sector—the municipalities, schools and hospitals—under PSAB, and how we are going to, in compliance with Mr Peters, bring the public sector partners into the PSAB framework without a lot of unnecessary cost—that is, their fiscal year and all that stuff. We've seen now that the hospitals perpetually have been operated in a deficit, technically, and they get their grants too late. So every year when you write the cheque to the hospitals it's really to pay off the deficit. That's common practice, not a political statement here.

Is this going to be a one-year, in-year adjustment to bring them in line with the grants? We've committed to a three-year operating funding.

I'm also talking about the difficult communications for the now-government with school boards who are starting to realize that they have virtually no other source of revenue, so we own their debt. They had three school boards last year that had to be brought into compliance. You'll find you have more, because there's no accountability mechanism. They spend the money—and why wouldn't they?—for autism and things like that. I'm supportive, but how are you going to do it?

I think you understand the framework of what I'm talking about. How do you bring the MUSH sector into compliance with PSAB, and how is that going to show on the \$139-billion accumulated debt? Are they in that number today? Are those MUSH sector people in the \$139-billion debt? That may sound like a bit of a convoluted statement, but the province of Ontario doesn't spend the money. We only spend about—what?—I think \$8 billion ourselves. The rest is spent by universities, colleges, hospitals etc. Hopefully you can untangle that one-year implication on the accumulated debt.

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Dr Christie: Let me attempt to do so, Mr O'Toole. The assets and the liabilities of the school boards,

hospitals, universities, long-term-care facilities etc at the moment are not in our books because, as Gabe noted, they are not consolidated as part of our books. In terms of doing that, Gabe noted some of the challenges. Clearly the decision to do any of those has not been finalized. We have to look, in conjunction with the Office of the Provincial Auditor, at the merits of any of these sectors. In any case, this would not occur until the 2005-06 fiscal year, so there is some time to do that work and do the planning.

Perhaps I could ask Gabe to expand on that.

Mr Sékaly: I think the deputy noted the immense task this requires. All provincial governments across Canada are looking at this and speaking to the Public Sector Accounting Board in terms of the impetus and the rationale behind it. Clearly all governments want to increase accountability and transparency, and we have to discuss the way you do that with PSAB in terms of the reporting of the financial state of all these sectors. Whether that is consolidation to government's financial statements or another way of reporting on the activities of the sectors is still part of the discussions between ourselves, the auditor, and the Public Sector Accounting Board in other provinces as well. So that's a long way of saying there's still a lot of work to be done and seeing what is the objective of this recommendation. If the objective is to increase reporting to people, what is the best way of achieving that? Obviously, aligning fiscal years, aligning financial statements of that many organizations in Ontario with the province's, is a gargantuan, and could be an expensive, task. In other provinces it may not be, because they would not have the number of entities that we do.

Mr O'Toole: Just one comment before I give it to Mr Baird. Roughly 50% of our budget is health care. It would be my recommendation that you do that first. It looks like, in Bill 8, you're doing that. You're going to have the administrators of the hospitals reporting to the Minister of Health. That's a huge issue, big time, just the politics of it.

I'd defer the rest of my comments to Mr Baird.

Mr Sékaly: If I may, as well, I've brought copies of the second edition of a guide that may be helpful to you, which is a Guide to Financial Management Policies and Practices in Ontario.

Mr O'Toole: Is that the one we got last year?

Mr Sékaly: Yes.

Mr O'Toole: I've read it, but I'll be happy to—

Mr Sékaly: It's updated.

Interjections.

Mr Sékaly: It's just to explain to folks how our accounting works.

Mr Baird: You're giving us the guide that was put together that managers will use to govern the province?

Mr Sékaly: I'm giving you an updated—

Interjection.

Mr Sékaly: I'm not going to answer that.

Mr Baird: I've always been excited about the thought of being able to talk with friends on this side of the table

as opposed to the other side of the table. I've been looking forward to this.

Let me say at the outset to you, Deputy, that you've got a very skilled team and we're very lucky to have the capable public servants at the Ministry of Finance.

I had some questions going back to comments the minister made. The minister said that everything is on the table and he wants a really informed dialogue with the people of Ontario, to get ideas and suggestions. Everything is on the table. Our caucus, on behalf of the 24 members of our caucus, put in an access-to-information request, which we got, but all the numbers were blackened on this. We wanted to know what the financial impacts of Bill 2 were, and we couldn't even find out for this year what raising the corporate income tax to 14% and the M and P rate to 12% would bring in, what impact the small business tax rate, currently at 5.5% and going to 4% by 2005, would have—cancelling the PIT reduction scheduled for January 2004, tobacco taxes etc. They were all blackened—I can show you here—basically saying they were budgetary information of the government.

These are now legislated tax increases in the province, from what they were to have been. Is there any reason why the committee wouldn't want to have that information, to know how much extra money raising taxes will bring in? I noticed the minister had a challenge out in the hall dealing with the \$2.2 billion that his party had used during the election campaign. I think he's now quoting that these new tax measures will bring in \$3 billion.

Dr Christie: I think the impact of the tax measures in Bill 2 was shown in the fall statement, and they're just being looked up at the moment.

Mr Baird: On January 21 we received a letter, and I'll give you the reference number if someone wants to look it up: it's G-03-0163-02. We got all this information and it was all blacked out. I know Mr Oraziotti will want to know what revenue those tax increases will bring in. I was wondering, Deputy, if you might review the decision of Mr John Cannon, the coordinator, and provide this information—perhaps table it with the clerk of the committee—not just for the 2003-04 year but 2004-05, 2005-06 and 2006-07. I think the committee would want to have that information, and I know the minister would want us to have it. I assume this is an error. Would I be able to get that reported back?

Dr Christie: Mr Baird, I can look into that. I would point to page 60 of the economic outlook, which does give those numbers for 2003-04.

Mr Baird: Is that the cumulative number or the individual numbers?

Dr Christie: It gives them broken out.

Mr Baird: Why would your staff blacken them out, then? Could we get something in writing on that?

Dr Christie: Again, I'm not familiar with the document, so I'll look into it.

Mr Baird: With respect to tobacco taxes, the minister said in the House, when he tabled Bill 2, that the motivation for the increase in tobacco taxes was to

discourage consumption—that was the public policy objective for doing it—and I read with great interest that the minister is going to count himself in as one of those individuals with a reduction.

For the revenue numbers on tobacco sales, when you're increasing tobacco taxes, how much of a reduction in sales did you anticipate, given that that was the public policy motive behind it?

Dr Christie: Normally, in developing those figures, we look at the literature, if you like, on the reaction of consumption to price. I think the literature I'm familiar with generally suggests that a 1% increase in price would be associated with about a 0.4% reduction in consumption.

Mr Baird: Did you budget that into your numbers?

Dr Christie: That's normally built in.

Mr Baird: Was it built in on the advice you gave to the minister?

Dr Christie: It was built into the numbers we used.

Mr Baird: You have budgeted for a decline in tobacco sales?

Dr Christie: In response to the price increase, yes.

Mr Baird: OK. Toby, do you want to continue?

Mr Toby Barrett (Haldimand-Norfolk-Brant): Did you also scope in along with that the change in illegal consumption of tobacco, because people do vote with their feet, so to speak, and purchase tobacco from illegal sources?

Dr Christie: It's tremendously difficult to measure, as you can imagine. That's essentially a kind of underground economy phenomenon, and it's extraordinarily difficult to measure and model and incorporate in a systematic way. Typically what's done in that regard, I think, is that we monitor activity, we monitor actions taken by the federal government and others; we compare notes with other jurisdictions; we try to get a handle on where that is and how significant it is and what kinds of actions can be taken to deal with it.

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Mr Barrett: So any deviation would probably be reported quarterly, whether you're above or below the projections?

Dr Christie: It's very difficult in the short term to anticipate what is happening or on a month-to-month basis to see what is happening to tobacco in response to a price change. Those price changes are often anticipated. There is inventory accumulation before the price increase and that is then run off afterwards. So it's hard to determine how much of any change is due to actual reductions, whether it's due to leakage into the underground economy or whether it's simply due to people using product that was stockpiled before the increase.

Mr Baird: I'd like to come back to access to information. We put forward another request—and I'll read the relevant section. I seek "any estimates of the cost of the implementation of the fall 2003 Liberal Party election platform initiatives as produced by the Ontario Ministry of Finance staff." Can I ask, have you or your staff costed out any document provided to you by the Liberal Party after the October 2 election?

Dr Christie: Not that I'm aware of, Mr Baird.

Mr Baird: Because the request was denied in whole.

Dr Christie: Obviously there would be certain elements of it that were part of the new government's platform and would have been looked at by ourselves or by the ministry. I'm not quite sure how to answer the question.

Mr Baird: In weighing these options—of increasing spending on part of the Ministry of Health budget, the environment, culture, what have you—would you not think it would be a good idea for all the members of this committee to have access to what those cost estimates were of commitments?

Dr Christie: Again, I'm not sure—I don't believe that a consistent set of such estimates exists. It's very difficult, as you'll understand. The cost depends critically on the nature of the design of the program. Those are often matters of detail. It also depends on the rate of implementation of the program. Without further details—

Mr Baird: If there is not a consistent, what about an inconsistent one? We put forward a request on December 3, received in the office on December 17 with 30 days to get back. What I want to do as a member of Parliament is to be able to say in the recommendations that we'll all consider, "Gee, this idea of capping class sizes in the early years at 20 students is going to cost a lot but boy, oh boy, is it worth it. I'm prepared to subdue other requests for new spending to match that." Or, "Gee, this promise on eliminating P3 hospitals has this effect." Would we be able to, as a committee, get the costing, however inconsistent, between ministries or between promise or public policy suggestion?

Dr Christie: If you have requested it under freedom of information, I don't think I'd go beyond that. As I said, I'm not certain of what exists, nor am I certain of what would be of any help to you.

Mr Baird: Well, it just was denied in whole by your ministry. Would we be able to get clarification on that? You can cite cabinet records or the economic interests of Ontario, but these are public policies that have been put forward to the people of Ontario and I think the people of Ontario who pay taxes would want to be in on that advice so that we can make responsible recommendations to the minister, to the government. Would you not agree?

Dr Christie: Again, I can only speak to the facts as we have them, and I can look into that and look into the nature of the request that was made.

The Chair: Thank you, and we'll move to Mr Prue.

Mr Prue: I'm going to continue in a little of the same vein. You made an excellent presentation for today. I tried to write as quickly as I could, but we don't have copies of it. I wonder, is this too a secret or can we have copies?

The Chair: Would you mind tabling copies of your presentation for all members of the committee?

Dr Christie: Yes, we can do that. If we don't have copies with us, we can—

The Chair: You'll provide them. Thank you.

Mr Prue: And the copies that you are going to provide to us would be generally available to the public so the public can see what our debt ratios are, how much money we have, changes in the nominal GDP and everything else you said? Nothing in there is some kind of state secret?

Dr Christie: No, and in fact most of it is contained in the background documents.

Mr Prue: I did find some of it here, but some of it was much newer. Some of it had been tweaked over the last couple of months.

Dr Christie: Yes, there have been some modest updates, but primarily the information is here.

Mr Prue: All right. Having said that, I have a number of questions. I don't remember—perhaps I had to step out very briefly—seeing what our debt ratio is. I have watched with some interest the debt ratio federally declining over the last number of years, so that although the debt still seems to be in huge billions and trillions of dollars, the actual debt to ordinary Canadians has declined to—I think 25% is the number that rings true. Can you tell me what it is in Ontario and whether or not it will be declining over the next four-year period, given the scenarios you've outlined.

Dr Christie: There are a couple of places in the information that have those numbers, but I would point you to pages 52 and 53 of the background document tabled in December. That shows our net debt as a per cent of GDP, which is at about 27.7% this year, down from a peak of 32.9% in 1999-2000.

Mr Prue: That is more or less consistent with what the federal debt ratio is too, as I remember.

Dr Christie: I don't recall the federal measure right offhand.

Mr Howell: I don't have it offhand.

Dr Christie: I think it's higher.

Mr Prue: It's higher than the federal—

Dr Christie: I think it's the other way around.

Mr Howell: We'll get that.

Mr Prue: You'll get that. OK. But at 27%, is this something that should cause concern to Ontario residents? I saw some grimaces when we saw the actual dollar amount up there. Is that anything that is cause for concern by your ministry?

Dr Christie: It's certainly the case that the debt level and the associated interest costs are matters that are a challenge, often, in budgeting. The interest cost is interest that needs to be paid, which is one of the reasons that a balanced fiscal position is something that governments across Canada have pursued vigorously over the last several years. I think, as Gadi's information noted, over the last few years our AA rating has been consistent with this sort of level. It is declining, and I think that continued decline is consistent with a strong financial position as measured by the federal government.

Mr Prue: I would agree generally, but going back to the year 2000-01 on that same chart, it was at 30.1%. What would happen to our economy, what negative things in the budget would that bring if we went back to

that kind of ratio? I'm speaking in terms of, the options open to this government are to not balance the books or to maybe borrow money or to do other things for those 230 promises. What would be the consequences of sending it back there, just to where it was three years ago?

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Dr Christie: Clearly, the first impact would be substantially higher interest payments, which would over time accumulate. Because interest is the first thing you have to pay, it ends up competing for scarce budget dollars that would otherwise go to services. So that, I think, is probably the first impact. The second impact would be whatever the statement about the underlying fiscal policy of the government in question was in terms of the western economies that have been trying to get debt down. To say that we're going to target for higher debt would not be consistent with the fiscal practices that a lot of jurisdictions have taken as part of trying to manage a strong economy.

Mr Prue: My next question goes to the combined corporate tax rate. We saw that the combined corporate tax rate for Ontario is below that, I think, of every other jurisdiction in the Great Lakes states, and certainly much below the average. Would the return of a corporate tax rate to 15.5% from 14% hurt Ontario's competitiveness? That's sort of back where we were just a few years ago.

Dr Christie: Again, as the minister noted, competitiveness depends on a number of things and a number of facets of the tax system. As was noted, our corporate tax rates are now competitive.

Mr Prue: More than competitive. I mean, we are the lowest. If we were to raise those back up, is that a source of revenue this government could count on without damaging the economy?

Dr Christie: I can't comment on a specific tax increase. Certainly the government has indicated a desire to avoid such tax increases if possible. Again, in comparison with some other jurisdictions, France is lower; Sweden is lower. It really depends on the circumstance. One of the things we're seeing now is that with the significant appreciation of the dollar and the challenges it poses, anything that would put further costs on businesses that are trying to cope with the rapid appreciation of the dollar could be a challenge.

Mr Prue: You indicated that Ontario is losing manufacturing jobs because of the high Canadian dollar. Then there was some other discussion that if the dollar stays around 78 cents—I forget what that 78-cent reference was, but that's more or less where we are today in terms of competitiveness—will we continue to lose manufacturing jobs in 2004? We went from—what was it?—18% down to 17.5%. I think that was the number.

Dr Christie: Perhaps I'll ask Phil to comment.

Mr Howell: The effect of the dollar is certainly going to have an impact on manufacturing. It has already started. It's likely, as I said in my earlier remarks, that as companies respond to that reality, plus having the additional incentive to invest in productivity-enhancing

M and E investment—because much of that is imported and is therefore cheaper, with the higher dollar—there are likely to be impacts on manufacturing employment moving forward as part of the normal ebb and flow of businesses deciding on the appropriate mix of capital and labour that they have in their production processes.

Mr Prue: Mr Chair, how much time do I have? I have a couple of important questions.

The Chair: You have about six minutes.

Mr Prue: OK. Then I've got time just to add a little supplemental to one. Is there anything Ontario can do? I mean, these are world trends, Canadian trends. What can Ontario do about our high Canadian dollar? Nothing?

Mr Howell: A couple of things in response to that. It's certainly the case that the story around the dollar at the moment is primarily a story around what's happening to the American dollar relative to other currencies.

There are some things that governments can do, starting with the Bank of Canada ensuring that we don't enhance the appreciation of the dollar by having inappropriately high interest rates.

Mr Prue: I understand what Canada can do. I want to know what Ontario can do.

Mr Howell: In terms of what the province can do, you certainly want to recognize that you're in an environment where you don't want to be adding to other business costs as they grapple with the effects of the exchange rate. You want to also ensure that other factors that influence business decisions are in place. Those factors, certainly in terms of attracting investment in this kind of environment, are going to include things like ensuring appropriate infrastructure is in place, ensuring that where there are barriers to the movement of goods—for example, border-crossing situations and so on—you can certainly take a look at a wide variety of factors that can help businesses improve their ability to produce and get goods to market.

Mr Prue: My question on this one is a bit of a tough one, so I'm hoping it can all fit in. Assuming a balanced budget and no new increases in taxes of any kind for 2004-05, which is what we're being led to expect, my first question is, what kind of cut in government spending would have to take place, or in the alternative, what increase in non-tax revenues would have to take place, in order for this to happen?

Dr Christie: There were some figures included again in the fall statement. I think Gabe can point you to them.

Mr Sékaly: On page 42, and I went through it in my presentation, there's a chart there saying that if one wants to balance by 2004-05 on the spending side alone, total spending has to decline by 2.6% from this year's level, which is approximately \$2 billion. If you want to balance by 2005-06, spending growth has to be on average 1.3% per year. If you want to balance by 2006-07, spending growth has to be on average over the three years 2.3% per year, versus what we had in the last four or five years of approximately 4.6%.

Mr Prue: Last fall, we were not in the same kind of economic situation we have. The last quarter has been

kind of kind to us. Have these numbers changed any since last fall?

Mr Sékaly: These numbers actually came out in mid-December, so there has at this point in time not been a change.

Mr Prue: OK, so there's no change in that estimate. Has your ministry advised as to what kinds of cuts to the \$2-billion budget would be most appropriate?

Dr Christie: I think the process that the government has indicated it is going to undertake in this regard is to engage in a series of discussions. The government has begun, for example, a consultation with the Ontario public service. The minister referred today both to his pre-budget process as well as to a larger process.

Mr Prue: I understand all that, but my question is—you're part of the public service too—have you given that kind of advice to date, where that \$2 billion might be found? I know you won't tell me what you've said, but have you given that advice?

Dr Christie: I think you'll understand, Mr Prue, that the discussion of what advice may or may not have been given—

Mr Prue: I'm not asking for what advice; I'm just asking, have you advised where that money could be found?

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Dr Christie: We certainly, as part of our ongoing job as the Ministry of Finance, ensure that the minister and his colleagues understand where money is spent and how it is being spent.

Mr Prue: This has already been part of the minister's briefing and where he and his officials might be going, notwithstanding what we're going to go around the province and ask?

Dr Christie: As I said, what we do is make sure that the minister has information on how money is being spent. We track it as it goes. Any options that may be looked at by the government, and certainly any decisions the government would take, would be part of the series of consultations you referenced earlier.

Mr Prue: Do I still have time?

The Chair: About a minute.

Mr Prue: Good. OK, one last question. It's a very brief one, and it has to do with Bill 2. The original estimate was that was going to raise some \$2.4 billion. It was actually \$2.9 billion, and then there was a \$500-million revenue shortfall that took it to \$2.4 billion. Today the minister said that about \$3 billion was being saved. Is that due to the fact that the revenue shortfall is now gone, or is that due to increased revenue in each of these line items?

Dr Christie: I'd have to check on that, Mr Prue. I don't have that information.

Mr Prue: Do you have any information that it is in fact \$3 billion today?

Dr Christie: I don't have it.

The Chair: We'll move to the government caucus and begin with Mr Crozier.

Mr Crozier: Good morning. Can you tell me a couple of, I think, relatively easy things to begin with: What was the provincial debt in fiscal 1994-95 in round figures?

Dr Christie: In fiscal 1994-95, the net debt of the province was \$90.7 billion, compared to the projected essentially \$139 billion noted earlier.

Mr Crozier: OK. In eight years or so, the provincial debt has then gone up almost \$50 billion.

Dr Christie: Between 1994-95 and 2003-04—that would be correct.

Mr Crozier: Yet we've been told that over that period of time, there were five balanced budgets. That must have meant there were some pretty significant deficits. Were those early in those eight years, or was it later?

Dr Christie: There were two main, let's say, trends, between 1994-95 and 1998-99. There were deficits in the province's books that caused the debt to grow to about \$114 billion in 1998-99. Beginning in 1999-2000 there were surpluses, but the figures in the fall outlook note that with the changes made to the electricity sector, the government of the day took responsibility for about \$20 billion in net terms of the stranded debt of the electricity sector that came on. So \$20 billion of that \$50 billion would be bringing on the electricity sector.

Mr Crozier: So the \$90.7 billion doesn't include Hydro, but the \$139 billion does, and it's about \$20 billion.

Dr Christie: That's correct.

Mr Crozier: So the net result is—and I agree with having brought on the Hydro debt—that the debt did grow about \$50 billion in the last eight years.

Could you help us a bit by giving us the figure as to what the hospitals', universities' and schools' debt figures were that they didn't have in 1995, I understand, because we simply gave them the money for what they were—can you tell me the year we started to have those sectors borrow the money and record their own debt, as opposed to the province, and what that debt might be today?

Dr Christie: I don't have a figure on the debt of those organizations. I'll ask Gabe to comment more on it. Depending on the sector, they may run deficits; they may pay them off the next year etc. So it's difficult to say as a matter of course.

Mr Crozier: I'm thinking as much about capital debt. In other words, what year was the decision taken to have capital debt recorded as debt of hospitals, universities and school boards as opposed to the way we used to do it; and, if you can, what has that debt amounted to since that time?

Dr Christie: The debt incurred by a hospital or school board has always been on their books and not ours for as long as we've been on the former cash accounting system, which probably started some time in the 1960s. There have been some changes, for example, to the funding formula for elementary and secondary schools in which, rather than being given a capital grant each year, they are given a payment for the amount of space they need and they can then use that to either refurbish space or acquire space etc.

Mr Crozier: But did they not have to go out and borrow money for capital expenditures and record it differently than they used to, or are you simply saying, "No, that's not the case"? I'm talking about this term "off-book debt," as my colleague Mr Phillips called it.

Dr Christie: As a result of the change in the way in which school capital was funded, there was more debt accumulated at the school board level than there would have been had it been all funded upfront by a grant.

The hospital system is quite variable, on a hospital-by-hospital basis. Perhaps I'll ask Gabe to expand on that.

Mr Crozier: I think you know what I'm getting at. I'm just getting at seeing if there's an increase in debt there that we all owe, so therefore would it increase that \$50 billion; that's all. If we're not, that's fine.

Mr Sékaly: The Ontario Hospital Association has made the case—and we do mention it a little bit in the fall statement—that there has been an increase in what they call the accumulated working capital shortfall, which is basically an accumulation of operating deficits, so not the one for construction of capital. Their estimate is about \$1.2 billion for that. Obviously, hospitals as well have capital debts as they construct new facilities. We do provide the bulk of the money through different capital grants, but the hospitals are responsible for raising a local share, so they may not have the local share upfront and they may take on debt for that purpose. I don't have a total number for that.

It's the same thing on the school board side. As Bob noted, the funding formula was changed and school boards are provided with per pupil grants for spaces, so they float a bond or get a loan and they get the money to service that through their annual grants from the province.

Mr Crozier: I won't belabour the point. I guess it's enough to say that over eight years the provincial debt has increased some \$50 billion.

One short and final point: I know that you as a ministry, and all of you do it in a professional way—as you have just said, Mr Christie, you give advice on an ongoing basis to government. But I find it interesting that the information you've brought forward as a ministry today—and just simply tell me if it's a fair statement—would support the conclusion, if not line by line, albeit in total, that the former Provincial Auditor, Mr Peters, brought forward from arm's length, that being that the projected deficit, with no changes, would be \$5.6 billion. So you've confirmed the figure that he brought forward in the fall.

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Dr Christie: Based on what he found, and changes since then, as we note, the \$5.6 billion remains the projected deficit.

Mr Crozier: Thank you.

Mr Colle: Just briefly, Mr Deputy Minister, what does it cost the Ontario taxpayer every year to service that \$139-billion debt?

Dr Christie: The outlook for this year for interest expense is \$10 billion.

Mr Colle: It's \$10 billion that goes toward interest payment. In terms of spending over the last eight years, either on an average year by year or over the eight years, how much did provincial spending go up?

Dr Christie: On average over the last four years, I believe it went up 4.6%. I don't have the—

Mr Colle: That was 4.6% every year?

Dr Christie: Yes, from 1999-2000.

Mr Colle: So in essence, about a 16%, 17% increase in spending over the last four years.

Mr Sékaly: In the fall economic statement, on pages 52 and 53 there's a table that provides that detail in terms of program spending. In 1994-95, for example, in terms of programs, not including capital or interest, we were spending \$44.5 billion. In this fiscal year, the projection is \$62.5 billion.

Mr Colle: So over the last number of years, the pattern has been to increase spending, to increase the debt, thus you're increasing more of your costs through the service charges, and then the other, parallel activity was that they were essentially forgoing revenues by tax cuts. Maybe Mr Howell, who is the economist, can say, if you're looking for advice to give other jurisdictions or to give us as we're looking at ways of perhaps managing this financial challenge here: What do you think about the previous government's strategy of in essence increasing spending, cutting taxes and increasing debt? Should we proceed down that route or is it possible to continue on that road to achieve any kind of financial stability?

Dr Christie: I think, Mr Colle, that—

Mr Crozier: Go ahead and answer.

Dr Christie: I don't think I ought to be passing any value judgment in that way.

Mr Colle: As an economist, I'm saying.

Dr Christie: One of Gabe's slides had a picture that illustrates some of the trends of the last few years specifically, and this is a graph that's on page 32 of the fall statement. It shows over the past three or four years very little growth in tax revenue, about half a billion dollars' growth in tax revenue, which is year in, year out what you can count on—it's not under somebody else's control, like federal payments—with about a \$10-billion increase in program spending. A trend like that—obviously, spending growing faster than revenue will inevitably lead to a deficit.

Mr Colle: Just one other question, I guess of the assistant deputy minister, Mr Howell. Are you referring to the effect of relationships between the value of the Canadian dollar and manufacturing job growth? If you were to put another line on your graph to superimpose the introduction of NAFTA and the expansion of free trade, would you see almost a parallel series of lines, in other words the NAFTA growth and the dollar increasing in value? Would that almost be similar in terms of a growth trend?

Mr Howell: I'm not sure I quite understand.

Mr Colle: In other words, I'm trying to find out whether the expansion of free trade had as much to do

with the increase in manufacturing jobs as did the greater value in the Canadian dollar as opposed to the American dollar.

Mr Howell: The introduction of NAFTA in Ontario actually gave Ontario a tremendous opportunity with manufacturing employment growth. In fact, through the second half of the 1990s and until fairly recently, Ontario was the only jurisdiction among G7 countries that was actually increasing manufacturing jobs in relative terms. Around the globe there has been a tendency for manufacturing sectors in developed economies to be losing ground as the service sector side of the economy grew. In fact, because of the increased access that we've had to North American markets, coupled with the fact that the dollar did decline through the 1990s, our manufacturing sector improved significantly.

Mr Colle: Was it more based on NAFTA than the value of our dollar?

Mr Howell: It's hard to disentangle the two effects. One thing is clear, though: There is still further rationalization and integration that will happen because of the NAFTA agreement. The extent and nature of that will be viewed in a different way by businesses now that the dollar is in the mid-70 cents than it was when it was at 62 or 63.

Mr Colle: So I guess the challenge is, as NAFTA sort of gets rationalized and those changes get stabilized, and then we've got the opposite effect of the dollar now increasing in value, what the impact will be on manufacturing jobs. The trend right now seems to be going in a negative direction for us in Ontario, as opposed to the last 10 years, when it was going in the opposite direction.

Mr Howell: That's correct. But again, the two to some extent are offsetting because there is still going to be future potential for Ontario businesses on the manufacturing side, if they can be competitive, if they can increase the amount of investment. In the last several years our businesses' machinery and equipment investment on a proportional basis has lagged that in the US. That's one of the reasons that our productivity lags the US. So to the extent that we can improve productivity, there will still be gains to come from the increased access that we have to the US market, even with a stronger dollar.

Mr Colle: So really the key is innovation, productivity, upgrading machinery and technology.

Mr Howell: And the good thing is that that machinery and equipment is cheaper as a result of the higher dollar.

Mr Colle: There's a silver lining in every cloud.

The Chair: Mr Peterson.

Mr Tim Peterson (Mississauga South): At one time, 3% unemployment was considered full capacity in the economy. I think for most of the last 25 years it was running at about 6%. Does this create a higher cost for all our social services? Is there any way to monetize that in terms of a program for us to reduce unemployment?

Dr Christie: I think that the higher unemployment rates that we've experienced for probably the last 20 or 25 years have had their costs associated with them.

Usually, when people think about how you get that core unemployment rate or structural unemployment rate down, the things that people think about are a better-educated work force, training or retraining of people so that their skills are relevant in an economy like ours with a large immigration flow, programs to ensure that new Canadians and new Ontarians have access both to the skills and the recognition of skills they may have required elsewhere, which are all things that I think can be helpful in reducing that structural unemployment rate. Those are the sorts of things economists typically point to.

Mr Peterson: Other countries, like the United States, have lower rates. Is that because they account for it differently or because they are better managers?

Dr Christie: The US has traditionally had a lower rate—I'll ask Phil to comment on the details. They've usually had a lower rate of labour force growth as well, so they haven't had to absorb the growing labour force we have, which may have had some effect. I'll ask Phil to deal with it.

Mr Howell: There are a lot of factors that go in, some of which are the ways in which rates are calculated. But there are a number of factors that affect what might be called the full employment rate of unemployment in an economy. What's interesting to note is that the gap over the past 20 years, in which the Canadian unemployment rate has been quite considerably higher than the US rate, has narrowed significantly, and we're a lot closer now than we were, say, in the mid-80s or the mid-90s. The US unemployment rate in December was 5.7%; ours was 6.7%. Gaps of 3% and 4% were quite common a decade ago.

The Chair: I want to—

Mr O'Toole: On a point of order, Mr Chair: [inaudible] the record to remain unclear on the reporting of the accumulated debt. I believe that Mr Crozier's inquiry and the response should indicate that in the first three years of government, we had a transitional deficit and the \$20 billion—

The Chair: It's not a point of order.

Mr O'Toole:—so there was no \$50-billion growth in the debt, and I want that on the record.

Interjections.

The Chair: Order. Thank you, gentlemen.

I want to thank the deputy minister and his staff for appearing before the committee for the last two hours. I appreciate your attendance on behalf of all committee members.

Interjections.

The Chair: Order.

I appreciate your being here this morning.

I have a few announcements for the committee, if you care to hear. The room will be made secure by the clerk, so you may leave your belongings here. As well, we are going to try to arrange for the bus charter to Niagara Falls to occur at 4:30 pm rather than the previously announced time, because of the weather.

With that, I would ask you to also come back to the committee room on time this afternoon so we can greet

our presenters in a timely way and also allow staff to load the charter bus so we can go to Niagara.

We stand recessed until 1 pm.

The committee recessed from 1203 to 1311.

SCOTIABANK

The Chair: Our first presentation this afternoon will be by Scotiabank. Would you please come forward and identify yourselves for the members of the committee and for Hansard purposes. You have an hour, which can be made up of your presentation and questions, if you care.

Mr Warren Jestin: My name is Warren Jestin. I'm the chief economist at Scotiabank. With me is Mary Webb, one of our senior economist managers and a specialist on both the provincial economy and fiscal matters. I'd like to pass out, if I could, a copy of a report that we have prepared for the committee which outlines both our views on where the economy is going over the next year or more and also on the fiscal challenges that lie ahead. If I might just paraphrase parts of the report, then questions and answers would follow it up.

For the first time since the late 1990s, a synchronized global expansion is underway, with the US leading and China really coming on strong, throwing its weight into the economic expansion—very good news for Ontario, particularly the US economic expansion, which we expect to be 4.5% or perhaps even a little higher. China we expect to be growing roughly at 8% or so, which is roughly in line with where they have been over the past decade.

The good news comes in that expansion because of our very close linkages to the US economy, and with China improving as rapidly as it is, it's helped commodity prices, in particular the metals sector and the industrial side of production globally.

The improving economic prospects, particularly south of the border, will provide some support for Ontario because we're so closely linked into the US economy. In fact, we expect growth in Ontario to be roughly 2.5%. A significant part of our manufacturing sector will benefit from the growth. However, we still face a lot of headwinds in that sector from a rapidly appreciating Canadian dollar, competition from ultra-low-cost producers such as China and India and higher energy costs. Uncertainty surrounding timely cross-border access also clouds the horizon.

Looking at the household sector in Ontario, especially the demand for big-ticket items, we expect to be relatively buoyant this year, underpinned by low borrowing costs, discounting and other incentives. We believe the Bank of Canada is going to lower interest rates further. Our interpretation of their announcement last week is that they're concerned about the rising currency and they expect inflation to stay well below their 2% target. As a result, we expect at least another quarter percentage point decline in rates as we go into the spring.

We don't think there's going to be a significant change in longer-term mortgage rates or bond yields over

the next year or so. There might be a slight upper trend in the second half of the year, but by and large we expect them to remain very, very low by historic standards.

At the same time, the need to cut costs to offset the impact of currency appreciation will temper job creation in the large export and hospitality sectors, taking the edge off consumer confidence. So while purchases of big-ticket consumer items and housing-related activity should be buoyant, in our view the rate of growth in overall spending is likely to remain fairly modest.

Business investment in the province is already picking up and should continue to do so as firms move to boost productivity and replace older equipment that was put in place in the lead-up to Y2K. Our stronger currency has not only increased the need to improve efficiency, but has significantly reduced the cost of imported capital equipment that can help accomplish this objective. Nevertheless, the upswing in spending will be dampened by cash flow constraints as currency appreciation cuts into the bottom-line performance. While non-residential construction will be held back by high vacancy rates, in many areas, spending will be supported by investment in the province's transportation infrastructures.

The bottom line here so far is that we expect consumer spending to be buoyant but to show little growth, and business investment, particularly machinery and equipment, to be picking up. Even with the buoyancy we're expecting in consumer demand and capital spending, however, provincial growth, in our view, will be hard pressed to reach much over 2.5% this year, lagging the 2.7% increase we expect for all of Canada. Another subpar performance, again falling slightly below the 3% national average, is expected in 2005.

With overall growth lagging by about half of what it was in the late 1990s, the current fiscal setting will not generate the revenues needed to repair provincial finances. The province will have to thoroughly overhaul the structure of both its revenues and expenditures to bring the budget back into structural balance. On a longer-term basis, the restoration of sound finances is an essential ingredient in protecting both our competitiveness and our standard of living.

The export sector accounts for roughly two thirds of provincial output and is highly geared to the US market. Over the past year, our currency has appreciated by over 20% against the US dollar, and it appears set to move above 80 cents in the months ahead.

Recently, we've had a depreciation of the currency, and other currencies have moved down against the US dollar. We do not expect that to be the dominant trend. In fact, we expect the currency not only to move above 80 cents but perhaps go into the low 80s—82 or 83—sometime over the balance of the year.

It's important to recognize that this isn't a phenomenon unique to Canada. The euro, the yen and the Australian dollar are also all appreciating rapidly and will continue to do so as global investors look at their overweight position in US dollar assets and decide to reposition themselves somewhat, given the huge American

trade and fiscal deficits that in my view show no signs of going away over the next year to two years.

For the resource sector, the rise in commodity prices has provided an important offset to the revenue losses associated with currency appreciation. This is assisting a number of sectors in Ontario. However, although prices for petrochemicals and commodity grade plastics, also an important segment, have edged up, the margins in that sector are still being squeezed by currency appreciation, higher natural gas prices and low operating rates. It's a very mixed bag, even in the resource sector.

Unambiguously, however, I think the manufacturing sector is being squeezed. It accounts for the bulk of our exports. The manufacturing sector has virtually no pricing power because of increasingly intense competition from low-cost producers.

I'd like to point out a couple of things about the China factor that we increasingly hear about on the radio and TV and in the newspapers. China has now surpassed Japan and Mexico in terms of its share of US imports. I believe they will continue to increase market share over the next decade and also be moving rapidly up the value-added curve. Over one quarter of China's exports are now machinery and equipment, surpassing their share of textiles, clothing and footwear. With many Mexican firms recently hard hit by Chinese competition in the US market, that country may increasingly move into a higher value-added slot, stressing just-in-time delivery. This will bring many Mexican producers into greater competition with Ontario producers in the years ahead.

It's interesting to note that the Mexican peso is one of the few currencies that has actually lost against the US dollar; it's dropped about 25% against the Canadian dollar over the last 12 months. This is one of the indirect effects of increasing competition in the US marketplace from China. It's going to force other producers in areas that have been hurt to actually move into Ontario's market space.

Relentless profit pressures have triggered widespread action to crunch costs, leading to a net reduction of 65,000 workers on Ontario's manufacturing payrolls over the last 13 months or so. In this environment, private sector wage settlements in the province are coming under increasing pressure as well. With our currency likely to continue along an upward trajectory, crunching costs, downsizing, streamlining and consolidation will probably loom large in our manufacturing and export sectors through 2005. This is not a temporary phenomenon in my view.

In the motor vehicle sector, which accounts for nearly half of provincial exports, output is forecast to edge up slightly this year, offsetting roughly half of last year's decline. Our North American production is highly integrated, and these gains largely reflect a near-term buoyancy in demand for vehicles south of the border and the particular mix of products that we produce. Nevertheless, our industry is vulnerable to a near-term stalling out of US sales, because American households own newer cars and more cars than ever before. In statistical

terms, for every 1,000 Americans of legal age to drive there are 1,016 licensed vehicles on the road. So the amount of pent-up demand there is not too great by any means.

On a longer-term basis, the challenge is to sustain our large share of North American vehicle production, which at 16% is twice our share of North American vehicle purchases at a time when international competition for assembly and parts facilities is greatly anticipated, particularly as producers build in the view that the currency isn't going to be in the 60s but may well be in the 80s. It changes fundamentally the decision-making process with respect to the location of plants.

On a brighter note, demand for high-tech equipment and information technology is reviving—very good news for Ontario—particularly for semiconductor and wireless equipment, as well as PC and server upgrades.

Activity in the financial sector is picking up with the rebound in capital markets globally, and stronger global economic prospects bode well for business services. Demand for scientific and technical personnel in key areas such as systems design has improved. As manufacturers and other industries outsourced their back-office functions, management and administration services also expanded, adding about 32,000 to provincial payrolls over the last year. So there's been some offset.

Nevertheless, the service sector is not immune to competition headwinds. Ontario must now compete with low-cost locations such as central Europe for film and TV production and may face increasing incentives from California. While our large and diverse hospitality industry has rebounded from the depths of the SARS crisis, cross-border traffic will inevitably be dampened by currency appreciation and increased travel delays and inconvenience. More generally, the risk of protectionism and reduced market access continues to cloud the horizon. In addition to trade disputes or restrictions affecting beef, wheat and lumber, there is considerable uncertainty about just-in-time access to the US market during periods of high terror alert status. For all industries in the province, ensuring a dependable, competitively priced supply of electricity also is essential.

Longer-term fiscal health also is a key competitive advantage, particularly at a time when the US is running such massive deficits. However, actions being taken to sustain Ottawa's surplus and regain control of provincial finances, whether it's here or Quebec or British Columbia, inevitably will impose a near-term drag on provincial performance. Much of the employment gains in 2003 reflected actions taken to deal with quality deficits in health care and education. This stimulus will be largely absent, in my view, over the next two years.

1320

Turning now to the fiscal issues: In the upcoming budget, the new government must set out a clear road map to eliminate a gaping deficit while restructuring spending to ensure that available funds are directed to programs and initiatives with the highest priority. The sheer size of the budget shortfall indicates that incre-

mental adjustments and program fine-tuning are inadequate to ensure success. The task is made more difficult by the challenges confronting Ontario's electricity sector. That's a burden not faced by British Columbia and Quebec, which I mentioned are the two other major provinces seeking to rein in their substantial fiscal shortfalls.

After years of debt accumulation in the 1990s, Ontario's debt service burden also significantly exceeds the provincial average, and at an estimated 14.4% of budget revenues is more than double the comparable figure for BC. That's important because we compete for manufacturing, we compete in a number of areas, with other provinces such as BC and Alberta, which have much lower debt burdens.

The province's estimate of a \$6.3-billion increase in net debt for fiscal year 2003-04 is expected to lift the debt service cost back above \$10 billion, even with the lowest interest rates we have seen in a generation. Ontario must utilize this current window of opportunity with respect to low interest rates not only to rebalance the budget in the near term but to eventually begin reducing its substantial debt burden. Failure to do so would leave the province highly vulnerable to an eventual rise in borrowing cost that would ramp up already high debt service costs and significantly limit the government's ability to manoeuvre in what has become a rapidly changing and highly competitive global environment.

As to suggestions of how to do this: An aggressive plan to rebalance the budget over the next year, in my view, carries considerable risks for the provincial economy because of the pressing competitive adjustments already needed to deal with a soaring Canadian dollar. In our view, a three-year agenda to eliminate the \$5-billion-plus shortfall, with clearly delineated annual performance benchmarks, is achievable in a slow-growth environment. If growth is higher than expected, the extra revenue should be used to shorten this time frame. Failure to stay within this time frame would risk pushing Ontario's debt burden further out of line with other competing jurisdictions.

We recommend also that the government consider a larger contingency reserve, particularly in the initial years, to provide an added measure of protection from unexpected setbacks. If unused, the deficit could be eliminated more quickly by applying this extra cushion.

Apart from the risks of more negative economic or financial market outcomes, there may be further surprises revealed by the ongoing effort to comprehensively assess extended government operations and liabilities, including audits of agencies and partners in hospitals, universities and colleges.

We applaud the official commitment to greater transparency and accountability, although the outcomes of all these factors—OPG issues and the like—are really not fully known at this time, so we believe that a higher contingency reserve is appropriate.

A pickup in provincial tax revenues would ease the process of fiscal repair. Several signs are already

encouraging: the expectation of somewhat stronger real growth in Ontario after last year's very disappointing performance; the upswing in North American equity markets; the rebound in sales tax receipts from SARS-related setbacks last year; and the continued support to land transfer taxes from a buoyant housing market. A slightly stronger economy will raise the revenue impact of the government's tax adjustments. Nevertheless, the outlook for annual GDP growth in the 5% range over the next few years effectively caps the gains in revenue without further policy adjustments.

In the near term, our forecast for Ontario is slightly more cautious than the consensus, particularly for important variables such as wage and salary increases. In our view, with many corporations restructuring and the federal and provincial governments committed to holding the line on their payrolls, wage growth in 2004 and 2005 may fall short of the Ontario government's projected 4% rise in 2003 and beyond.

Ontario does not have Alberta's advantages—enormous resource revenues and a net asset revenue-generating position—to meet the expense of servicing the province's considerable population and industrial growth over the last seven years. However, it has inherited an enormous backlog of capital projects needed to sustain and improve our competitive advantage.

Closing this quality gap will require close co-operation with federal and provincial governments on funding, the elimination of red tape and actual project execution. I think this is a big area for potential improvement. Decades of delay in maintaining adequate spending on urban and regional infrastructure really do underline the need for fundamental reform. With Ottawa and Ontario municipalities already reassessing their expenditures for possible savings, a window of opportunity exists here to disentangle some of the program responsibilities and eliminate duplication.

In the upcoming period of intensive fiscal repair, key priorities lie in addressing the quality deficits in transportation, health care and education and placing the province's key social programs on a more sustainable track. Only then will the province have the flexibility to reduce debt and once again embark on new directions in tax reduction and spending initiatives.

I would be pleased to take questions on any of the issues we talked about.

The Chair: Thank you for your presentation. We have about 11 minutes per caucus. We'll start with the official opposition.

Mr O'Toole: Thank you very much, Mr Jestin and Mary, for your presentation to the committee. I'll be kind of brief. I'm asking these more perhaps as a critical comment, but I'm not an economist, so take it from where it comes.

I guess the first thing is just on the monetary issues, looking mostly at the federal jurisdiction, and the recent response on the interest-rate-to-the-dollar position and its impact on trade and balance of trade. You're putting in here that you're confident that an 80-cent dollar will prevail.

Mr Jestin: Or higher, yes.

Mr O'Toole: I would guess—and again, I'm not being contrary. It's tied to the second part of what I want to say, but I know all the experts are saying that. I think we've already hit that. We never hit the 80 number, and everybody was forecasting it. The anticipation has been there for the last quarter at least, maybe more. The feds now have looked at the interest rate policy and David Dodge has just recently announced a more aggressive reduction of the interest rate, which has a lot of implications with respect to recapitalizing the infrastructure, as well as the cost of debt itself, the cost of borrowing money for the province and other stakeholders. So I'm not supportive of that projection, which has profound implications, as we saw this morning with the ministry people. It's pretty important.

Tied to the second part, probably the Ontario economy—I'm putting this as a question. It's my sense that Ontario is about 30% of the population of Canada and about 50% of the economy of Canada. So tax competitiveness in the purest sense, that is, monetary policy as well as direct tax policy, is an extremely important control, both provincially and federally, which stimulates investment. Quick depreciation or whatever measures they want to take are important.

Am I correct in assuming, first, that the Ontario economy, which is an export-based economy—about 60% of our GDP is based on it—is well-positioned to maintain—because you said the feds have a surplus. There's an imbalance here on tax power, I suppose, because—and I think I'm right—about 50% of the total Canadian economy is Ontario. If that's the case, the policies, federally and provincially, have got to reflect a manufacturing, export-based economy. Yet the last bill that we debated in this very committee, Bill 2, ended up leveraging about \$3 billion more, basically out of small business.

I like to read the Toronto Star because it is usually wrong, but it says, "The new Ontario Liberal government's cancellation of corporate tax cuts provided by the previous Conservative administration increased the company's taxes and future tax liability by \$17.8 million." This is in the entertainment sector, which has been hard hit by SARS. What's your response to that in terms of the current trend? It seems this morning Mr Sorbara said he would not increase personal tax. Well, the only other way to sustain this structural deficit solution is to increase taxes on business.

1330

Mr Jestin: You've raised a large number of issues. The first one, I think, is fundamental. For Scotiabank, because we are a very large international bank, I travel quite extensively abroad. There has been a profound change in sentiment about the US currency in Europe, in Asia, within North America. Effectively, global investors are moving to diversify portfolios that for a long time were very heavily weighted by the US dollar. So there may be jaw-boning in Europe, there may be interest rate cuts here, but fundamentally the move away from

purchasing US dollar assets will drive that currency lower. You've got to remember that the US has to borrow half a trillion dollars a year to keep its currency where it is and to keep bond yields down.

So number one, it would be nice for many industries in this province to have the currency take a breather, go down a little bit. I think you're going to find that the momentum, now that it has shifted—the sentiment of the shift will drive the currency higher. That's number one. I'm finding that businesses in Ontario and across the country are building that in.

The other issue, of course, is competitiveness. The shift in the currency over such a short period of time has had an enormous impact on our competitiveness. The shift in global market share toward lower-cost producers such as China and the like, and Mexico, for that matter, has also had an impact on our competitiveness because those economies are rapidly moving up the value-added curve. What we have to do in the province, both at the government level and at the industry level, is do our absolute best to improve productivity and sustain a low-cost environment.

Bringing your point more to what the government has done and what it can do, obviously tax-competitiveness is very important. It pales in comparison, the incremental changes, though, to shifts in currency of the magnitude I've been talking about. But that's not the only thing the government does to ensure a competitive position. Infrastructure, health care and education are all very important components. We have done an enormous job reducing taxes over the last few years, but I think in so doing we have created other problems that we also have to address. So I believe that the policy that is brought forward on a go-forward basis has to be much broader. I fundamentally believe—if you've heard me over the last 25 years in various committees, you'll know that at least I'm consistent on this one point—we have to balance the books and get debt down, because deficits are deferred taxes.

We cannot go on running deficits. We've been through that before. We've been there; we've done that. The pain involved in getting out of that particular problem I think is enormous, so I really very much support the thrust that is being put forward of first addressing the structural imbalance, then getting on with other things.

Mr O'Toole: I guess I appreciate being able to have an exchange with someone with your credentials. I suspect I'm supportive of the idea of not having a deficit yet, but what I saw this morning was some delayed attempt.

In fairness, we dealt this morning with the accumulated debt, which is about \$139 billion. The opposition, Mr Crozier, tried to establish that it was a \$50-billion add-on. If someone looked at it in any detail—perhaps Mary, who has also been here at many of these committees over the years—we had a transitional plan in 1995. We were running something in excess of an \$11-billion deficit in the 1994-95 number. Our plan was about

a three-year strategy to ease out of that. In fact, that was the case. So we had accumulated an additional debt as part of exiting from Howard Hampton's plan. Because he's here now, I just want to get that on the record too.

If you took that at \$10 billion, \$5 billion and \$5 billion, that's about \$20 billion. If you also took the \$20 billion from the stranded debt from Ontario Hydro, that's \$40 billion. If you took the accumulated erosion of infrastructure, not the least of which is health and education, that pretty well explains, in my view, the \$50 billion—not that I agree with it, but you're right.

I guess I'm putting it in the form of a question. Going forward, we had a very aggressive plan on the Health Services Restructuring Commission which was underestimated by a large number. They said it was going to be about \$1.5 billion to rebuild the 230 hospitals. That number, some people are saying, is in the order of \$7 billion to really get it done. The restructuring of the university sector, which only comments on the previous decade of Liberal and NDP avoidance in investing in infrastructure—i.e., the post-secondary investment—was in the order of \$1.2 billion. That's in colleges and universities, not just the double cohort, to engage in modernizing our research and university facilities.

I'm putting to you the question. I understand the pressures to respond to popular sentiment, and those pressures are wages and benefits basically; about 85% of all the public sector budgets is wages and benefits. The expectation is there for more, year after year after year. I would love to see that happen too, but the structural deficit here is in that attitude that it's always more. Yet the real investments should be in infrastructure to become more competitive; that is, the universities, schools and hospitals. Can you respond to that broader kind of thing? Which is it: the payroll increase, or building infrastructure to create wealth for everyone? That's kind of what I'm saying.

I firmly believe that we have a structural deficit. One of the reasons is the imbalance between federal and provincial revenue-sharing agreements; even municipalities are in a similar boat. We're all in the same boat. My first question was to say that the federal government benefited by the increase in the GST and the healthy Ontario economy in the 1990s, and now they have a surplus. Part of that surplus is that imbalance I'm talking about, but I'm going back to our investments. We're committed to building infrastructure, which grows wealth and prosperity for everyone.

Maybe I've gone on a bit, but I did have 11 minutes. Can you comment on the general thrust of what I'm trying to—I've explained, I believe, the accumulated debt and I'm putting to you now, what are the right investments: infrastructure or payroll increases?

Mr Jestin: The important point of what you've been saying, of course: First of all, in the 1990s the US was on one of the strongest expansions in history, so we were able to ride that crest and accomplish a lot. In terms of government investment in infrastructure, a series of things that were put in place actually reduced the overall

trend in spending at that time. Right now, quite honestly, we're not in a strong growth environment. We are in an environment where we've got a deficit and much weaker growth. So the real issue is how you prioritize these things. It seems to me, with our also battling a rising Canadian dollar, we have to, as job one, figure out a strategy of at least keeping or getting the fiscal house back in order. Number two is looking at the major areas of our economy—municipalities is one area, of course, health care, education, both the urban and the rural infrastructure—prioritize those items and see where we can improve competitiveness there. Within that context we have to identify programs we're spending the money on that simply don't work and get rid of them, because we simply don't have enough money for the infrastructure and all those other programs.

In terms of wage settlements and the like, I think the harsh reality is going to be that at the federal and provincial levels and within the business community, the pace of growth of overall wage settlements, including fringes, is going to be reduced in the next few years.

Mr Howard Hampton (Kenora-Rainy River): I had the benefit of hearing some of your presentation [inaudible] some of the economic projections you make, that any attempt to balance the budget quicker will likely cause some pain. I guess my first question is, can you elaborate on that and indicate what kind of pain that would be?

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Mr Jestin: That's a very important issue, and whether you do it over two years or three years, there is inevitably pain for someone in repositioning policy. If we were in an environment where growth was much stronger and where we weren't suffering the competitive fallout from a higher currency, I would have suggested that a much shorter time frame be involved.

But, inevitably, putting through policies that reposition a very large amount of spending—in the billions of dollars, really—at a time when the manufacturing sector and parts of the service sector are making big adjustments too, I think has the risk of pushing us from what I would call a slow-growth environment to one that might have no growth at all, which would undermine revenues and compound the fiscal problems that we have.

The government has a very fine balance here. Keeping the economy going is very, very important. In order to ensure that that occurs as we're making these other adjustments, I think you need a longer time frame. Quite honestly, we may be too pessimistic on this. If we are too pessimistic on the growth, you may be, as we pointed out in our report, able to shorten that time frame somewhat.

I think the most important thing is to lay out a timeline and stick to it. BC did this when they were going through major adjustments and lowering taxes a couple of years back. The minister there has steadfastly indicated that he will stick to that. I think we have to develop that type of timeline and, more importantly, prioritize our spending so that we actually eliminate some programs. That's a political issue, because it's not an economist who can

say, "OK, this is the one you should do, rather than that one." It's as much a political issue as not.

I think it is possible over two years, if growth accelerates more or the Canadian dollar is lower than we anticipated. I think the third year gives a little bit of extra added cushion in case we're not pessimistic, or in case we may be too optimistic about what has happened.

Mr Hampton: A large part of your presentation deals with the value of the Canadian dollar. I take it from what you're saying that is a major headache.

Mr Jestin: For Ontario, which depends more on the US market than any other province and which faces competition across a broad range of industries from very low-cost producers, we think the currency is absolutely the most important wildcard in the outlook and has perhaps the biggest impact on our growth trend over the next couple of years, much more so than Alberta, where rising natural gas prices and oil have really skated the government upside and where the heritage fund actually leaves them in a net asset position. Here we're not in a net asset position. We have a higher debt service cost than the provincial average, even excluding Alberta.

Mr Hampton: As I understand it, the problem isn't so much with the Canadian dollar as it is with the American dollar. In fact, I gather investors look at not only the federal government's deficit in the United States, but the state government's deficit. Then they look at the trade deficit. All of that has resulted in a much lower value of the American dollar.

So, I guess, a simple question: How does Ontario have any control over an American dollar that seems to be headed south?

Mr Jestin: That's a very important point, because we don't have any control over it. We are forced to adjust to the reality. If you can turn bad news into good, our currency is likely to rise less against the US dollar than the European currency, the euro. That's not a big issue, because Europe doesn't really trade a whole lot with the US, and 87% of Canadian trade is with the US and 90% or more of our trade is. We have no control over that particular cost element. We can hope that there's more stability in the outlook, but the challenge is very clearly there.

With the most rapid appreciation of our currency in history, we have to be very fast on our feet in the private sector and relatively cautious in the public sector in making adjustments. When I say "cautious," it's not trying to do everything in one year. But at the same time we have to be aggressive in terms of reprioritizing our spending because, quite honestly, as our exchange rate goes up, we have to find ways of channelling our spending in areas that will boost our productivity and ultimately our overall standard of living.

Mr Hampton: If I can get you to look down the road a bit, if the American dollar continues to dive, the projections that you have given us here could actually worsen. In other words, if the American dollar continues to devalue and puts Ontario's manufacturers and exporters in an even more difficult position, that three years could become four years.

Mr Jestin: I'm quite confident, even in a slow-growth environment, that the tools are there to balance the books. It may well be that three years is a comfortable margin and that we can do it in somewhat less. The important point is to try to stick to the trajectory and not be too optimistic in our economic and financial market assumptions. I have a lot of confidence in our manufacturing sector and our tourist industry and other goods that are affected by the US dollar—that adjustments can be made. The biggest problem right now is that the adjustments have been forced on the Ontario private sector in such a short, short period of time. If we have time to adjust, I think our industries can really do quite well. We will move up the value-added curve. I've seen it time and time again in industries. In Canada, the forest products industry has continuously moved up the value-added curve as new and lower-cost competition came on board. I think we can do it here. We certainly have the productive labour force. I think we have flexibility in our management practices—much more so than in Europe. But we can't do everything all at once and expect to keep this economy growing at a healthy pace.

Mr Hampton: Much of your discussion is about the effect of, as I've tried to understand it, the projection in terms of lowering costs for government. How do you do that? Can you give us some examples?

Mr Jestin: You've got two issues there: lowering costs and boosting productivity. In the private sector, both are important. You can't cut and cut and cut and expect to remain in business forever. The productivity is the issue that I think is very important.

In the government sector, the immediate challenge is the excess spending over revenues. Inevitably, an adjustment has to be made, but also a prioritization of policy. Quite honestly, I don't know what's going to come out of the round table discussions that we're going to have. Hopefully it is finding policies in terms of which are most important and which are farther down the overall list. Then the tough decision becomes actually doing the surgery on the low-priority items.

We've been at this, when you think of it, as a country since the 1970s. Every round of cuts and repositioning becomes tougher and tougher. It is not an easy issue. As an economist, I'm glad that I'm not responsible for making those decisions. It is a political issue. But inevitably I think the outcome of not doing it, of saying, "Hey, what's \$5 billion here or there? We can do it for a few years," of that type of mentality, will lead to a far larger negative consequence for our standard of living than otherwise.

So a tough issue; prioritization is the key, and take the low-priority items and make the tough decisions to cut back that spending fairly dramatically.

The Chair: Mr Peterson.

Mr Peterson: We are going out to consult with people on better ways to spend the current money. You indicated you thought there should be elimination of red tape and, secondly, a fundamental reform in program execution and elimination of duplication. Did you mean between

the levels of government or in our spending? Could you be more specific in helping us manage this money more efficiently?

Mr Jestin: I'd like to take a stab at that. Then Mary, who spends her life studying these things, may have some comments as well.

I think one of the key areas that has been extraordinarily frustrating over the years, and one we can make huge yards on with very little overall cost, is to streamline the processes involving three layers of government—whether it's urban transportation, whether it's within the GTA, setting up regional zones where you have a coordinated transportation policy and the like. We should pick the low-lying fruit first here. I think what we could do in that regard is (a) improve our efficiency and productivity, and (b) probably end up doing a lot of these initiatives at a far lower cost and in a faster time frame.

Mary, you may have some specifics.

Ms Mary Webb: I simply second what Warren has said. Whenever you're an outsider looking in at the government, you always see part of the picture and not all the picture. But there have certainly been areas like training, where perhaps there could be better coordination.

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In health care, there were some very interesting recommendations by both the Romanow and the Kirby commissions. Kirby in fact focused on how we could introduce incentives to create more efficient and effective service delivery.

Those things are very important moving forward. Ontario's pace is going to be facilitated because other provinces are trying new experiments, and so there really is a case of best practices developing here. But we simply have to think outside the box.

On the regulation side, I think some programs were underway—things like when some computer investments are completed for the province, a small or mid-sized business will have only one corporate number and not several.

Having said that, I did quite extensive work with the Ontario Chamber of Commerce. When we did an annual survey of our membership and asked them about provincial red tape, it never seemed to be getting less. I think it's really important that we somehow convey that.

The final thing would address Warren's point. For some issues, we have to develop new governance. We haven't worked out how to best service an urban region and the things like transportation that cut across municipal jurisdictions. We don't have an urban region in Canada that has figured that out. Probably the closest is the greater Vancouver region, but they've certainly had problems working at that skill too. So there are places here where the challenge is immense, but we have to do it, because if we don't, it's going to be one of the things limiting the province's growth in this global recovery.

Mr Peterson: I'm fascinated by your specific answer, and thank you very much. I think the problem with some governments is that we don't have enough small busi-

nessmen who could be more specific. Maybe we could work with the chamber of commerce and look at specific ways of correlating all the red tape and bureaucracy and forms. With the new efficiencies of the Internet etc, I think there could be some efficiencies achieved.

In the governance model, the Toronto City Summit Alliance is trying to bring together an example of a more coordinated way of managing an urban centre. Do you have any comments on that and on their recommendations?

Ms Webb: There are certainly some good points in it, as in the Smart Growth panel for central Ontario, which did have some excellent points—the fact that we have to manage the whole urban region pattern. But there's also been some very important municipal governance too. How do we raise the level of resources that can be accessed in governing these huge urban areas when they're larger than some of our provinces? When you look at municipal government, there is a shortfall in some areas on how to deal with this.

More than that, I think that people are willing to take cuts or take fee increases to bring what you pay closer in line with what you use if there's a definitive multi-year program going forward; in other words, for the greater Toronto area, if there was a specific multi-year plan for the next three to four years on how we were going to try to address transit and transportation. Those are very difficult things to move forward, but we're already down that road in terms of creating a transit authority. We're already down the road in a lot of other areas as well. It's simply a case of setting a specific path.

The Chair: Mr Orazietti.

Mr David Orazietti (Sault Ste Marie): I want to go back for a minute to the comment in here on page 2, moving to an 80-cent dollar.

Coming from a community like Sault Ste Marie, the natural resource based economy is extremely sensitive to fluctuations in the American dollar. Just to give you an idea, for some of the industries—for example, Algoma Steel and St Marys Paper—if the dollar moves up a cent, it's a million dollars a day in terms of increased costs and lost revenue. We're obviously very concerned about where we're going there.

I had an opportunity to meet with a number of the stakeholders in Sault Ste Marie [inaudible]. I'm listening to them as to what suggestions we could bring forward as a government, what particular policies may be helpful in terms of supporting our natural resource based economies in this province. I want to ask you, as an economist, what suggestions you could make to the natural resource sector of our economy in this province in terms of what strategies or steps they might take to improve their competitive position in this province and in the global economy. I follow that up with what policies would be beneficial to move forward from our government's perspective in assisting these industries in gaining advantages?

Mr Jestin: There are two points to make about the resource sector—it varies, of course, when you bring in

steel and a variety of other things, and the forest products industry is another matter. But by and large, the resource sector in Canada has had to deal with adjustments, whether low costs or increasing low-cost competition globally, for the better part of the last century. They have become very efficient and effective and have moved up the value-added curve.

The reality is that if we're right on the particular currency there, in a US dollar market they get hit on their bottom line absolutely immediately, as does any other firm that sells in US dollars. You cannot get into transitional adjustment policies with respect to the industry, in my view, because they don't have a sunset, typically. You end up adding more and more layers of support. The key is to make sure transportation and communications are efficient, and that we don't follow policies now that ultimately lead to higher costs in terms of taxation in the future.

Where I think the adjustment is probably going to be the greatest is not in the resource sector; I think it is going to be in the manufacturing and tourist sectors of this economy. But the adjustment is going to be so fundamental that I think targeting specific industry groups for special assistance becomes not only a mug's game in terms of who gets what, but ultimately a self-defeating policy where we end up layering on more spending or special things and then have to clean house two, three or five years down the line.

Mr Orazietti: Are you suggesting that we simply allow the industries to take whatever course they're able to, based on market trends, or should we be looking at strategies or policies that will assist in transition or value-added approaches to some of the basic natural resources? I continually hear that come up in meetings with local manufacturers or natural resource sector producers. Are there government strategies that we should be embarking on that would help tap into value-added jobs or growth in that sector as opposed to—unless that's what you're saying?

Mr Jestin: I think the government's role in this is fairly clear; that is, in the areas of transportation efficiency, communication efficiency and information provision, we do have available at the federal level certainly, and in some other ways, links into various markets globally for marketing. The British use it in Canada, the Americans use it in Canada and we use it abroad.

What worries me is that we go down a transitional route where we start putting in subsidies for specific industries and actually make the problem we now have—a structural one that hopefully we'll solve in the next three years—not only longer lasting but more serious. I just don't think we have the financial resources to go beyond the basics of government in making things as efficient and with as little red tape as possible.

Mary may have a comment on that.

Ms Webb: We went through a somewhat similar restructuring period for Ontario industry in the first half of the 1990s where many of our industries over a very broad range were not quite ready to compete in NAFTA.

But the range was so broad that how would you help one industry or how would you decide which specific group of industries to help? Well, you couldn't. At the end of the day, it was moving to a low-tax, low-inflation environment and various other things setting the background environment that helped industry restructure.

You're right: There were winners and losers in that restructuring, but the province as a whole moved forward and certainly moved into a very robust period of growth and investment. There's no question that it's a difficult period, but we've seen our industry come through this before.

The Chair: Thank you very much for your presentation this afternoon. Your time has expired.

1400

C.D. HOWE INSTITUTE

The Chair: I would ask representatives of the C.D. Howe Institute to come forward, please, and if you would state your name for the benefit of the committee members and for Hansard.

Dr Jack Mintz: My name is Jack Mintz. I'm president and CEO of the C.D. Howe Institute. I'm also the Deloitte and Touche professor of taxation at the Joseph L. Rotman School of Management at the University of Toronto.

I hope all of you have a copy of my handout. I'm very pleased to come back before the committee in a relatively short period of time. I suppose you'll be hearing some of the same messages I gave last time, which have to do with Ontario's fiscal competitiveness.

What I thought I would do particularly is to review work that I've done with my colleague Duanjie Chen, with whom I've been working for many years now on looking at how taxation impacts on competitiveness of economies, not just here in Canada but worldwide.

What I will do is report to you some numbers that are based on a study I did for the Institute for Competitiveness and Prosperity, which is under the—I forget the name of the ministry. We used to call these things development. It is work that we have done, which is very comprehensive work, based on both theoretical and empirical work that started over 10 years ago. Some of it appeared in the report of the technical committee on business taxation at the federal level, which I had the privilege of chairing.

To begin, the work we've done in Ontario specifically looks at both taxes and subsidies on the cost of doing business in Ontario and in five competing US states. We looked specifically at California, Georgia, Illinois, Massachusetts and Michigan, which for various reasons are important competitors with Ontario in terms of the kinds of industries that are involved. In fact, none of them are really mining states, so the one area that these states would not include is a mining sector, which is important in Ontario, but not in these particular five jurisdictions.

The study actually includes a whole host of both taxes and subsidies that impact on labour and capital costs of

businesses. They include personal income taxes, sales and excise taxes, health care subsidies, education subsidies, payroll taxes, pension and EI benefits, workers' compensation benefits, all with respect to labour. In the case of capital, it includes corporate income taxes, capital taxes, sales taxes and capital inputs, infrastructure subsidies, research and development tax credits and grants. These include both federal and provincial taxes and subsidies. So as you can see, this is a very comprehensive study that we have done for Ontario.

It also is based on the concept of trying to think about how taxes impact on the cost of doing business and how it might affect business decisions in terms of where to locate their production worldwide.

Conceptually, we measure what I call the marginal fiscal burden. You could have the cost of producing a particular product, let's say \$5 for a widget, and when you add on all the taxes and subsidies, the cost of producing that product would be \$6. We calculate the marginal fiscal burden as \$1 divided by the costs, including taxes, which in this case would be \$1 divided by six, which would be 17%. We've done this for what we call entrepreneurial businesses. These are businesses that are primarily controlled by manager-owners, for example, in the high-tech industry, but it also includes other industries, as well as what we call large companies that would be multinationals operating internationally.

If you look at page 4 of the handout, you will see that these are the overall estimates of the marginal fiscal burden and costs for Ontario and five US states. This includes again both taxes and subsidies. So we've taken into account health care and education subsidies as well as the taxes that are imposed in these various jurisdictions. As you can see, net of all subsidies of the fiscal effect of tax burdens in Ontario is about 25% of total costs. The next-highest one is in California, which is approximately 17.5%, 18%. Certainly there's a very significant disadvantage for businesses to locate production in Ontario, once taking into account all these different taxes and subsidies.

We've also broken these numbers down to show the fiscal burden by labour and for capital. In the case of Ontario, you can see that all the taxes on labour, net of education and health subsidies primarily and other benefits such as the benefit of the EI program and Canada pension plan etc, is close to 25% of the cost of using labour in Canada. In California, Arnold Schwarzenegger's state, the taxes net of subsidy account for almost 20% of the cost of labour. All this is for the year 2003, and the other states are lower in the United States.

I should mention that it's quite possible that a significant part of the burden of subsidies actually falls on workers themselves as opposed to the businesses, because businesses, in facing higher taxes themselves, might end up paying lower wages. So the taxes and the subsidies tend to fall more on workers as opposed to businesses. In that case, one may not be as concerned in terms of affecting the cost of doing business but one

would certainly be concerned about the impact of the value of government services net of taxes to workers in Ontario.

The question is, why is the burden on labour so high in Ontario compared to the five jurisdictions? First of all, there are higher marginal personal income tax rates, especially applied to low-income levels, in Ontario compared to the United States. Second, we have higher sales and excise taxes. We have to remember that those affect work effort as well, because once you earn your income and pay your income taxes on that income, you have some money left over and then you go out and buy goods and services and you have to pay sales and excise taxes on those goods and services. It also includes higher payroll taxes net of benefits, such as employment insurance particularly, because the federal government runs a surplus on the program, where there are more contributions relative to benefits, and as well the Ontario employer health tax, which is also a tax that's imposed on hiring workers. Finally, the higher burden in Ontario relative to the US states is in part offset by health and education subsidies—primarily health subsidies—which does help lower that burden.

In effect, if you look at page 7 of my handout, you will see that we have broken down for the jurisdictions all the payroll taxes net of benefits, education subsidies, health care subsidies, personal income tax rates. By the way, the average is based on the distribution of workers, which we estimate by industry, and aggregate out the marginal tax rates, sales tax rates and also the combined effective rates. You can see that there's a much higher burden in terms of the taxes themselves, and then once you include the subsidies you get the overall rates that we estimate.

On page 8 we provide the marginal fiscal burden on capital for 2003. This does not include the federal cuts in corporate income tax that came about on January 1, 2004, including the first tranche of the reduction in capital taxes at the federal level, and it does not include the increase in the corporate income tax general rate in Ontario as a result of the Fiscal Responsibility Act.

As you can see, the effective tax rate in Ontario for capital—and this includes not just corporate income taxes, the rate as the way the base is defined, but also capital taxes and sales taxes and capital inputs and subtracting out infrastructure subsidies and research and development grants—the effective tax rate in Ontario, net any grants that are helpful to businesses, is significantly higher than what you find in the United States, really quite substantially higher, almost double what you find in the United States.

1410

Just to give you another picture, in the June Backgrounder issued by the C.D. Howe Institute that I authored with Duanjie Chen, I provide you with a comparison of Ontario for 2003 on page 9, effective tax rates on capital relative to other provinces. I should say that these numbers do not include infrastructure subsidies and research and development support from government, so as a result these numbers come out a little higher than

what you'll find in the other table. Otherwise the numbers are basically the same.

The main point of this graph is to show that Ontario has the third highest effective tax rate on capital in 2003 compared to all the other provinces, certainly much higher than in United States, as I've mentioned. In fact, the only two provinces that have a higher effective tax rate on capital are Saskatchewan and Manitoba. Alberta has a low one, but I guess, quite surprisingly, you'll see that Newfoundland actually has the lowest one in Canada. There is, I guess, a desire to attract people to the Rock as much as possible.

So the question is, why is the burden on capital so high in Ontario? As pointed out in some of the literature that some people have mentioned, there is a lower statutory corporate income tax rate in Ontario, at least in 2003: three points for non-manufacturing and six points for manufacturing and processing income compared to the United States. That actually leads to a lower effective tax rate in Ontario compared to the five US states.

However, this is completely and more than offset by all the other things that are available in the United States. There are less generous depreciation allowances in Ontario, including bonus depreciation in the United States. There's less generous deduction for inventory costs in Ontario compared to the United States. In Ontario as well as Canada, we use first-in, first-out methods for evaluating inventories, which is the price of the oldest inventory stock that's first used to measure the cost of inventory, while in the United States companies can use LIFO, last in, first out; in fact, most do. That allows them to deduct the cost of inventories at a higher price in times of inflation.

Capital taxes in Ontario are substantially more than what you find in the US, although interestingly enough, Massachusetts has a very high capital tax. That's one of the reasons its effective tax rate on capital is higher than all the other US states.

There are higher sales taxes on capital inputs in Ontario, except for mining, for all industries. There are more generous infrastructure subsidies for many industries in the United States, especially for transportation and communications, which are sort of the new economy sectors.

Finally, research and development support is somewhat higher in Ontario compared to the US states, although it's not as generous as one thinks, because even though in Canada we have much higher tax support for research and development, the US tends to provide very significant expenditure support for research and development through defence, energy, environment and medical research programs. They lower the cost of research quite significantly for businesses in the United States.

Just to give you a little bit of a picture, if you look at page 11, you'll see a graph here which shows that the highest amount of capital investment as a percentage of gross domestic product in Canada can be found in Alberta, where it reaches well over 20% of GDP. As you can see, Ontario is below 10% and below the United

States, which is above 10%, and also below other provinces in Canada, not including Alberta. Ontario does very poorly when it comes to business investments in non-residential structures, machinery and equipment. That should be a very significant concern to this committee because, after all, productivity is very important, and the big beneficiaries of high productivity are workers because, to the extent that businesses are buying new capital equipment and investing in new structures, they are adopting the latest technologies, and this is extremely important in order to generate higher incomes that workers can get.

Before I say something about page 12, just of interest to this committee, since I was before you in December on the Fiscal Responsibility Act, my colleague and I have tried to model the impact of raising the general corporate income tax rate in Ontario from 12.5% to 14% as of January 1, 2004, and also the manufacturing, processing and resource corporate income tax rate, which went up from 11% to 12.5%. The overall impact of that tax change that Ontario brought in on January 1, 2004, was to raise the effective tax rate on capital by about a percentage point. In other words, the effective tax rate on capital would be about a percentage point less if Ontario did not go ahead with raising the corporate income tax rate as it did.

You might be interested in knowing what impact that has on capital investment in Ontario. Currently, the capital stock of businesses in Ontario is about \$375 billion. Taking into account the responsiveness of capital investment to changes in the cost of capital that firms face, which would include taxes that are imposed on capital investments, the impact of raising that corporate tax rate is to have the long-run impact of lowering the capital stock in Ontario by \$14 billion. That was the impact of that corporate income tax rate increase that we brought in on January 1, 2004: to reduce capital stock investment in the long run by \$14 billion in Ontario. That is a very large amount. In fact, it is the sort of thing that will undermine productivity the most here in Ontario.

As I've mentioned, page 12 will give you—very quickly, these are the marginal fiscal burden on costs. They vary quite significantly across industries. I don't have time to go into all the differences, but I do want to point out that manufacturing is much more highly taxed net of subsidies in Ontario relative to the five US states. Also, if you look at communications and electrical power, there is a much higher fiscal burden in Ontario compared to the five US states. Those are where the very significant differences can be found.

We've also compared 2002 and 2003 for large corporations. This is taking into account all the numbers and methodologies that we've used. As you can see, going from 2002 to 2003 there was a slight reduction in the marginal fiscal burden, going from one year to the next. However, the reductions in the United States were actually more substantial than what was found in Ontario. In fact, there is an OECD study that came out in the fall looking just at the effective tax rate on capital, not

looking at it as comprehensively as this work does. What it found is that even though Canada has been making progress in lowering business taxes, particularly on corporate investment and therefore encouraging more corporate investment, it has not been doing it as quickly as other OECD countries. In fact, the effective tax rate in Canada on a relative basis has increased, compared to other OECD countries. I often like to quip that if you look at corporate income tax rates in the world today, just the statutory rates, Ontario has the fifth-highest one among all OECD countries. The only countries higher are Japan, the United States, Germany and Italy. Every other country in the OECD has lower corporate income tax rates than Ontario, including all the Scandinavian countries such as Sweden, which is at 28% rather than 36%, as we are now in Ontario. So that gives you a bit of a picture that we are really out of whack with the rest of the world when it comes to our business tax burdens.

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We also did a similar estimate for entrepreneurial companies. These are companies owned by owner-managers. There, you can see again a significant disadvantage in Ontario relative to the five US states. In fact, that disadvantage got even bigger in 2003, primarily as a result of both faster write-offs for capital depreciation in the United States as well as a dividend tax cut in the United States that lowered the effective tax rate on entrepreneurial income.

Finally, just to show you what would happen if Ontario carried out a number of tax measures: First of all, if it lowered the corporate income tax rate, that would reduce the effective tax rate on capital by almost over one percentage point. Eliminating the capital tax would drive it down even further. Eliminating sales taxes and capital inputs, such as going to a value-added tax, would also lower the effective tax rate significantly.

Putting them all in place would result in a very sharp reduction in the effective tax rate on costs and would move Ontario much closer to the situation in the United States, especially if you eliminate the impact of bonus depreciation in the United States, which should expire in a couple of years, although one never knows what the US will be doing after that.

We also show the impact of eliminating the employer education and health tax on the cost of doing business, lowering personal income taxes across the board by 5%, as well as placing the Ontario corporate income tax, which is called a cash flow tax—I won't go into the details, as that would take some time, but I commend to you the report I prepared with Duanjie Chen for the Institute for Competitiveness and Prosperity.

I think that completes my remarks.

The Chair: Thank you very much. We have about 13 minutes per caucus for questions, and we'll start with the official opposition. Mr Barrett.

Mr Barrett: Just referring to page 13 in your presentation, the marginal fiscal burden on large corporations for the year 2002-03 is just over 25%. I compare that to Michigan next door at under 15%.

As we know, in December this government increased the Ontario corporate tax rate and planned to go to 14% from 12.5% now. Taking a look at the year 2004-05, what are these bar graphs going to look like with respect to our competitiveness with some of our neighbouring US jurisdictions?

Dr Mintz: The good news is that there are still some federal cuts to come into play; that is, the federal government will be eliminating the large corporations tax, which is a capital tax. That will lower to some extent the fiscal burden in Ontario as a result.

The 2004 numbers have a mixed result because the federal government is lowering the corporate income tax rate, the final tranche, two percentage points, or has lowered it on January 1, 2004. Effectively, the Ontario increase, going from 12.5% to 14%, just clawed back three quarters of the federal reduction that was to take place under the corporate income tax.

On the other hand, for manufacturing and processing income particularly, where there's no rate cut at the federal level, the increased tax rate going from 11% to 12.5% implies an additional burden on capital investments in manufacturing and processing incomes. So manufacturing is actually worse off in 2004 compared to 2003.

Mr Barrett: Further, you also do your analysis on labour for 2003. Again, Ontario has a marginal fiscal burden of just over 25%, and I compare that to Michigan at under 15%. The scheduled income tax reduction that was to come in this January will not occur. Again, a similar question: When you add up corporate taxes and scheduled personal income tax reductions that are not happening, it's about a \$4-billion hit in what was announced in December with respect to essentially people paying more money to government. How is that going to affect the shape of your bar graphs in the coming year?

Dr Mintz: Again, there is one piece of good news—mind you, that's also true in the United States. We have indexation of income tax brackets in Canada now at the federal level and in the province, and that does reduce the marginal tax rate a little bit, to the extent that there are some workers who might be affected by that. But on the whole, I think what you'll see is that, at least for next year, there won't be much change in this graph. Ontario will certainly lack competitiveness. Of course, we know that in the United States there are significant deficits, and down the road the US will have to bite the bullet on either cutting back expenditures or raising some taxes, particularly in social security. That might reduce some of the differences in the very long run, but that's a very long run. We're talking about 10 years, and that's well beyond the next election here in Ontario.

Mr Barrett: Thank you.

Mr O'Toole: Thank you, Mr Mintz, for appearing before the committee. I want to compliment you on your ongoing work at the school of business, as well as under the direction—you are the president of C.D. Howe Institute, a research organization.

I am familiar with Roger Martin's report on investing for prosperity, which you participated in. I start on a very simple model of sort of trying to figure out which came first: the economy or the standard of living. I'm sort of stuck on that; perhaps it's too primitive a starting point. I think you create wealth and then you find a way of distributing the wealth. If I'm wrong, that's a simple question. You have to have the economy first.

I look at China now starting to develop an economy, and more people will have a full stomach. If I look at Russia and East Germany—not to criticize them—I think they consumed their infrastructure and ran it into the ground so it couldn't create wealth.

Am I wrong to assume that you have to have a strong economy to have a strong standard of living? Is that too simple?

Dr Mintz: No. I think it's very important to remember that the economy does matter a lot. In fact, Bill Clinton had it exactly right when he said, "It's the economy, stupid." He was exactly right about that.

I always like to make a comment to many of my colleagues, since I've worked in many countries around the world, especially on tax reforms in all sorts of countries, especially for many countries that get support from the World Bank and the IMF. The interesting thing I've always found in these countries is that you never find a first-class health care system or a first-class education system where an economy is poor. It's only in the rich economies that you get the best systems operating. I think something we always have to remember is that you cannot kill the goose that lays the golden egg. It's very important to remember that the economy matters a lot, and that in order for us to have the incomes to spend on both private and public services, the economy must do well.

Mr O'Toole: I have a couple of points. We've established the premise I'm coming from, and I hope the government is listening today. You make the argument about our trading jurisdiction; we're basically an export-based economy, a manufacturing economy. You've given us the implications for capital investment: \$14 billion with the more recent change. That's a loss of investment to Ontario. So tax policy does matter and the economy does matter.

I guess I want not just to talk about the US. I'm looking at your chart on page 9. We are in Canada. We're a caring society—some would say much more caring than the United States, at least the Toronto Star would say that. I just look here, and I'm not surprised, because Alberta has this history—Ralph Klein is so mean-spirited, according to the press. But if I look at the two least competitive provinces—Saskatchewan is the least competitive, according to that chart, and Manitoba. They're both governed by the most well-intentioned people, the NDP. That's got to tell you something. There's a balance, I suppose, of good intentions—investing in the human standards—and trying to create some prosperity and taking advantage of your net value. If you look at Alberta, it's a resource-based economy and

we're manufacturing, which is jobs and pretty much having a strong US marketplace, really. I guess in respect I look at other provinces, and you point out Newfoundland. That's the real trade-off here. We have public transit all over northern Ontario, with nobody in the buses. Obviously, Newfoundland just doesn't have the standards. They obviously don't have all the stuff we have in the GTA. I guess that's what we're stuck with.

1430

The government is looking at—technically, if you raise taxes, you're going to lower investment; you're going to lower the standard of living. I'll kind of leave that.

I'm going to find a question here, and that is on page 12. I'm quite serious here because you point out that in Ontario, compared to other jurisdictions, the big issue is electricity. On your chart on page 12 the implications for the cost of the fiscal burden in a market we know is poised for considerable—Dwight Duncan is trying to encourage investment here big time, because they don't have any money; that's clear. They're trying to get other people to come in. The tax rate there is 30.8%. What are the implications going forward to create more generation in Ontario, which we all agree we need? They're going to cut out the coal plants, which are, what, 26% of the base load. What could they do? What could we as an all-party committee do to advise the Minister of Finance on tax policy to encourage investment in the electricity sector?

Dr Mintz: First of all, let me say as a general point that I have strongly argued that it's very important to lower taxes on capital generally. In fact, if you look at many of the European countries, of which we know a number are high-tax countries in the sense of having very high tax-GDP ratios, the one thing the Europeans figured out is that you've got to have capital investment and you have to keep taxes on capital investment low. Sweden figured that out, Finland, Norway, Denmark, the Netherlands, the UK; I can go through a list of the countries. They have actually significantly lower taxes on capital investment than you find here in Ontario. That's because they know that productivity is absolutely critical, and that if you're going to get a higher standard of living, you must have capital investment because that's what creates jobs and that's how workers get higher incomes.

Mr O'Toole: Am I right to assume that capital tax is inelastic? Even if you're making nothing, you still pay tax on the capital.

Dr Mintz: I'm not talking about capital taxes. I'm using an economic term here. I'm including all taxes on capital investments, which means corporate income taxes, capital taxes, sales taxes and capital inputs, everything that impacts on capital investment. If you look at, for example, the Scandinavian countries, corporate income tax rates are 30% or lower. The Netherlands has relatively low corporate income tax rates too, but they also have a lot of benefits for investing in the Netherlands. That's why the Netherlands is such an attractive country for many multinationals to go to.

Mr O'Toole: So in the energy sector specifically—

Dr Mintz: And we know what has happened in Ireland. Low taxes on businesses led to a huge boom in capital investment, and with all that investment they made in educating their workers, that brought skilled labour to the workforce and businesses in Ireland; multinationals found that they also had some well-trained workers to hire. So it was a combined set of strategies that Ireland undertook that led it to be the fastest-growing economy among all OECD countries in the past 20 years. It's a remarkable story.

Mr O'Toole: In the few minutes I have left, the energy sector again—

Dr Mintz: I'd like to get back to that point.

Mr O'Toole: How about depreciation and those—

Dr Mintz: Yes, the write-offs for depreciation in utilities are not particularly generous. You have faster write-offs in the United States. Of course, capital taxes have a significant impact here as well, and also to some extent sales taxes. But in the United States there are actually quite large infrastructure subsidies toward transportation and communications, which have also driven the cost down.

Let me just make a very important point, though, about capital investments. Ontario has a real challenge when it comes to power generation and getting private sector investment interested here. The record over the past several years, where the government—and I'm saying government in general—has shifted between all sorts of different positions about what kind of power sector we're going to have here in Ontario, has discouraged many companies from coming to Ontario. In fact, there are many that have large cash flows available and they have decided to put their money in the United States because of the uncertainty here in Ontario. Ontario will get more investment, but it's going to have to have a set of fair policies where businesses feel they can compete on a fair basis here in Ontario; not against a monopoly that operates in power generation or in distribution. So there's a lot to do on the regulatory side here in Ontario to attract power generation.

Certainly the tax system doesn't help either. In fact, in some of the areas such as gas pipeline distribution, many businesses tend to put more money into the United States as a result of being able to earn a higher rate of return on their investments in gas pipeline distribution compared to Canada. That's because of a combination of both taxes and the way rate-of-return regulation operates in Canada relative to the United States.

Mr O'Toole: One final thing was the payments in lieu of—

The Chair: Thank you. We need to move on now, Mr O'Toole. We'll move to the NDP caucus.

Mr Prue: It's always interesting to listen to you. He's an interesting guy. He's smart too.

I'd like to get back to your central point here. Your argument is that Ontario has a higher fiscal burden and that we have to compete with the American states. I'm just wondering: In terms of that, you give examples like Massachusetts; you don't give examples like Mississippi

or Louisiana or Alabama, places that have even lower—I don't think any of us want to be compared with them. Why don't you use those?

Dr Mintz: It's very simple. If you look at the major sectors here in Ontario, if you worry about high-tech and finance, Massachusetts is very important in certain sectors. If you worry about the car industry, clearly Michigan is very important in terms of what we're doing. If you look at something like furniture manufacturing and other types of manufacturing, Georgia is a very interesting state to look at because it's become quite an important competitor now. California, of course, is a very large state and also competes with us in the high-tech and a number of other industries.

These five, I have to admit, were picked for me to look at by the institute. They wanted me to look at them particularly, but I think they were good choices. I think these states really matter a lot to us. I'm a little less concerned about Alabama, to be honest with you.

Mr Prue: I wonder about those states because if you go to Kentucky, say, they have mining and we have mining here.

Dr Mintz: Actually, I would have picked Colorado.

Mr Prue: All right. There are parallels that could probably be drawn with any of them, but you picked five of the richer states.

Dr Mintz: I should mention that in my book that was published in 2001 by the C.D. Howe Institute, called *Most Favored Nation*, it actually provides a Canada-wide and US-wide comparison for all the industries. This is based on the year 2000. The book was published in 2001 but the data were brought up to the year 2000. You will find there was a significant fiscal disadvantage for businesses to locate in Canada as a whole relative to the United States as a whole, in all sorts of different sectors. Some of that has changed as a result of the business tax reductions and personal tax reductions that have occurred in Canada since the year 2000. However, the United States has cut even more deeply. In fact, we provided some numbers showing that the differentials weren't going to really be reduced that much between Canada and the United States. This is taking into account health care subsidies, education subsidies, infrastructure, everything.

Most people who have accused many of only looking at tax comparisons and ignoring the expenditure side of government I think have always been right, and now I've provided that kind of analysis. This is a quite unique analysis. You find this hardly anywhere in the world, never mind in Canada. So I think it's very helpful to really look at the whole picture.

Mr Prue: Again, I come back to what this government I think is going to do, or at least part of what they're going to do. They are looking for money. They are not about to lower corporate tax rates if that means they're going to have to cut a whole bunch of additional social programs. I'm wondering, in terms of your wanting to help industry or commerce, I can understand that, but at what cost to social programs?

Dr Mintz: First of all, we have to remember that governments are involved with all sorts of things besides health and education. We can go through whether everything is done as efficiently as it can be. For example, in education Ontario is a relatively big spender but our results, while improved, are still mediocre. I think there are some very good examples internationally, and I'll be speaking about education Wednesday morning at the Economic Club of Toronto.

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Mr Prue: I think we're all going to miss that one.

Dr Mintz: Oh, you're welcome to come.

Mr Prue: We'll be in London.

Dr Mintz: I will be talking about education, and I'll tell you that not enough money spent is not the problem in education. The problem is the way we run the system here in Ontario compared to what you find in far more dynamic districts around North America, especially Edmonton, Alberta. I think there are lots of things that could be considered.

Let me just make one very quick point, and that is that I'm a great believer in medium-term budgeting. I think one of the worst things we have done in Canada—and I'm not saying this just about Ontario; I'm including other governments in Canada—is that we don't focus enough on the medium term in terms of our budgeting practices. We're too short-sighted; we're only looking at the next year or two years down the road. Many countries around the world have medium-term budgeting processes. It allows you, over time, to make allocative decisions, both on the expenditure and tax sides, in a far more rational way because you can basically shift resources over time. It's hard to do it within a year. Certainly when you have a deficit I can understand why it would be very difficult to cut taxes today. But the question is, what's our five-year plan? What's our 10-year plan in this country, or in this province? I would suggest that we don't have one. Yet when you look at where we are today, we can miss, I think, a great opportunity for this coming decade if we don't think about where we want to be 10 years down the road. You can make a lot of very good decisions with a medium-term budgeting process that you can find used in many countries, like Australia, New Zealand and the United Kingdom, that we fail to use here.

Mr Prue: You made a statement—I tried to write it down but of course I can't write as fast as you can speak and I don't do shorthand—that, "You'll never find a first-class health or education system where you have a poor economy." That's more or less it. You also made the statement about Ireland, and I find that to be a pretty good example too, but some might argue reasonably that in Ireland the success wasn't so much in reducing the taxes on corporations but the fact that they went, in a really big way, into education. You can get a post-secondary education, a college or university education, virtually for free in Ireland. The person seeking the education pays nothing. Does that not too increase wealth?

Dr Mintz: I actually referred to that, but let me commend to you an article on Ireland written by Brendan

Walsh and—I forget his first name—Honohan that came out a couple of years ago in the Brookings journal. I think it's an excellent review of what happened in Ireland. If you go back to the early 1980s, Ireland had a very high unemployment rate. Of course, historically it has been a basket case among western countries and in Europe, and also it had very poor productivity and an out-migration of people who usually wanted to go either to the United Kingdom or the United States. What Ireland did was a set of strategies. What I would suggest is that it was no one strategy that worked as much as several strategies.

First of all, they had an open market with the European Union. They took the regional subsidies they got from the European Union and invested them in education where the level of education was very poor, unlike Canada today—we're actually one of the best education systems in the world, so we really can be proud of that—and they did encourage people to go into tertiary education, and they still provide free tuition for universities because they really want people to get educated. But they also knew that if you just educate people and there are no jobs, they'll go to the United Kingdom and the United States, so they had to create an atmosphere for jobs to be created in Ireland, and that's where the business tax cuts came in. So it was an overall set of strategies that worked, not any one element. But certainly business tax cuts were very important to generate investment in Ireland.

Mr Prue: Do I still have time? Good.

I put the question to you because Ireland is a good example of how private enterprise could create the jobs. But let's turn to Ontario for a second. There was a certain promise made by a political party to hire 8,000 nurses. We probably spend \$100,000 an individual to train those people through high school and university and a nursing degree, and I don't think there are any jobs. I think a lot of them are going to be heading to the United States. Would that not create the same wealth if the government hired nurses for our hospitals and public institutions?

Dr Mintz: Let me comment just generally on the problem I think you're raising. It's certainly a worthwhile comment. Although I don't know all the details to confirm, let's say, the data, I will accept what you said as correct.

There's a serious problem in Ontario in terms of our education system, and that is that it's not sufficiently flexible or decentralized, I think, to deal with the kind of needs that are required by the labour market. If you use a very centralized approach to education, then what happens is that you will get this kind of mismatching that goes on, as your example illustrates. I do think that is an issue and I think that's something that's going to have to be addressed.

Mr Prue: Does a sufficient level of taxation to support public investment and education training and infrastructure also create wealth, or is it only the private sector that creates wealth? Because I've heard Tories say the public doesn't create wealth; the private sector does. I beg to differ sometimes.

Dr Mintz: I would agree with you that public investments can be important too. In fact, there's been some excellent work done by Bleaney and some colleagues that has been published in several journals now, looking at what impacts on growth rates of economies. What they find is that if governments invest in productivity-enhancing types of expenditures, then that will improve growth rates, and that would include infrastructure and education as examples. But when governments invest in, let's say, things that don't increase productivity in the economy, then certainly growth rates will not respond. Then of course the tax system—it's the opposite sort of thing. Taxes will have a negative impact on productivity, and there are some taxes that are worse than others. The worst taxes in terms of impacting on productivity are business taxes, capital taxes. Those are the ones that undermine productivity the most, and that's the lesson that the Scandinavian countries and the Netherlands have learned, that you don't want to hammer business capital investment in the country.

The Chair: We'll move to the government.

Mr Crozier: Mr Mintz, good afternoon. You're the second of three expert witnesses. My dilemma, and maybe that of others around this table, is to figure out who is the more expert. That's what I'm dealing with, although I will admit that you've come up to expectation because from my point of view—and this is just personally—had you come here and said that Ontario was doing a great job in any area other than in reducing taxes, I would have been shocked. I had no idea before today—and I'm going to try and find out more after this—about marginal fiscal burden. But I will say, in an admittedly very cynical way, I suppose if we had no capital tax, then we'd have no marginal fiscal burden and everything would be rosy.

I'll get to the serious point. Just two questions: One is, will capital always follow—and I mean globally—the lowest marginal fiscal burden? Secondly, why is it that governments—and I'll use two examples, George Bush and Harris-Eves—that have a mantra of lowering taxes as being the answer to it all are deeper in debt today than they were when they started?

Dr Mintz: First of all, just on your question about what determines capital investment, there's been a lot of studies done on capital investment, and the three most important determinants are: the size of the economy, or the size of the demand for products, and therefore businesses will respond with more investment to that; the cost of capital, which includes taxes that impact on the cost of capital—that will also have an impact on investment; and then there will be other things that will impact, such as public services for infrastructure and maybe a few other items that one might throw into some sort of regression, as economists like to call it, that they would do a statistical analysis to try to understand how capital investment gets impacted on.

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First of all, businesses will not move, necessarily, just to where the lowest tax rates are but businesses will be

responsive to tax systems. Of course, some of their investment decisions will depend on the tax system itself. For example, if you're undertaking mining today, you'll look at northern Ontario. There are deposits there and you want to exploit them, therefore you would want to make investments in Ontario. On the other hand, if it's easier or less costly to invest in another jurisdiction, you may put your capital there first and wait down the road to when you want to develop the mining deposit in northern Ontario.

This is not to say that a jurisdiction with high taxes will drive out all capital investment. That's a silly argument to make. But it will have some impact on capital investment. The number that I gave in terms of the increased corporate income tax rates that were brought in for January 1, 2004, the \$14-billion cost of that in terms of capital investment over time, is really based on economic studies that try to find how sensitive capital investment is to changes in the cost of capital.

On the second question, I seem to remember that when the Conservative government got elected in 1995, there was actually quite a large deficit.

Mr Crozier: It's \$30 billion higher now.

Dr Mintz: That was debt. You said "deficit."

Mr Crozier: Debt; I'm sorry.

Dr Mintz: There's a big difference.

Mr Crozier: That's right. There is a big difference between deficit and debt, and thank you very much. Let's centre on debt.

Dr Mintz: OK. I agree, and in fact the debt did go up. But we have to remember they inherited a very large deficit at that time from the NDP government. They did cut back the deficit over a period, and then into a period of surpluses, and I guess the debate will continue on whether this year is a year of deficit brought on by the Conservatives or whether it's one the Liberals have tolerated. I'm not going to get into that debate.

Mr Crozier: Why not?

Dr Mintz: Certainly, I expect there is a deficit this year.

Mr Crozier: Why not?

Dr Mintz: Why? Because I'm not at first hand with the numbers, so I'm not going to comment on that.

The question is, are there jurisdictions that have cut taxes and, at the same time, do they end up running debts?

Noise from heat register.

Mr Colle: They didn't even fix the heating infrastructure.

Dr Mintz: That's costing a minute of your time.

Ah, finally.

Mr Crozier: You can take that time out of your answer to me too.

Dr Mintz: There's one infrastructure investment that maybe you do need.

Mr Colle: They never put money into the furnace and heating system even, the darn Tories.

Dr Mintz: There are countries that have cut taxes and actually have dealt with debt at the same time. Australia

is a wonderful example of a country where you'll find that government's revenue as a portion of GDP is around a third—33%, 35%—of GDP. That's total revenue. They've undertaken very significant reforms where they've cut corporate income tax rates to 30%, broadened the tax base, got rid of some fast write-offs for businesses—I'm a strong believer in having low rates and broad bases for tax systems. Their net debt is only 5% of GDP today. They brought down their debt, over the past decade, by a tremendous amount. By the next few years, their net debt will be zero or negative, which is actually a phenomenal thing. So there are some wonderful examples.

Mr Crozier: There are. I wanted to know about Ontario vis-à-vis the US, but my colleagues have questions.

Mr Colle: Thank you, Professor, for coming back. I do remember your sober comment last time that we did the right thing in not proceeding with further tax cuts, given the immediate year-end deficit we're facing, no matter how big it is. I appreciate that candour.

The question I have is that in your discussions about the business burdens—and you talked about the marginal tax rate as a burden on business. I had a discussion last week with a constituent of mine who owns a biotech industry right in the heart of Toronto and they do some work on developing ultrasound technology etc. He said he hires people for his company on both sides of the border—in the United States and Canada. I was telling him about the financial choices we have to make. His message to me very clearly was, "Don't give me any cuts in my marginal tax rate or corporate taxes. Where you can help me be more competitive and to be profitable is by cutting my staffing costs and my payroll costs. The best thing you can do for me is ensure that there is first-quality health care available to the person I hire here in Canada, because if I hire two people doing the same job, one in Toronto and one in Connecticut, the person in Connecticut"—and this astounded me. He has to top up a salary in Connecticut by \$24,000 American to give health care coverage to that employee and his or her family. He said that that's where he can in essence make a profit: if he can avoid that \$24,000 American top-up cost for health care coverage.

So in looking at the pressures and the burdens on employers, given the health care levy and those other costs I know are there, what kind of incentive is it for a Canadian manufacturer or perhaps an American who is hiring Canadians to have that public health care side of the payroll covered by taxation? Have you ever quantified that in terms of the impact?

Dr Mintz: I think that's the main point of this work, that I do quantify that. That's the number on page 7. It's the health care subsidy, which is about 5% of gross wage costs. That's a very significant subsidy. That's taken into account in our numbers.

Let me just make a comment. It's very important not to go by anecdotal evidence alone. I don't know this particular biotech company you were talking to, but typically biotech companies don't pay corporate income

taxes because they get a lot of fast write-offs for research and development expenditures. Sure, they're not worried about the corporate income tax; they don't pay it in a year. They're probably running tax losses or they can't use their tax credits. So obviously they're not going to be interested in having corporate rate cuts because it's of no benefit to them. Clearly they're going to be interested only in personal tax issues and subsidies going to business, and you're absolutely right: If Ontario runs a poor health care system, then even though there's this 4.9% subsidy, there may be a lot of incentive for people to be in the United States where the health care system runs better, even though employers have to pay for the cost of it. So you're absolutely right: It's important to run a good health care system.

I guess the question is, how are we going to make sure we're going to run a good health care system? We have to remember, we have been putting more and more money into health care year by year since the restrictions that governments put in in 1993, 1994 and 1995 in trying to curb some of the growth in health care expenses. But on average, health care has risen, per year, 7% over the past 20 years. In the past five years, it has risen 7% per year. That's faster than the growth in the economy. How much more and how much we keep putting into health care is going to be a very significant issue for the government.

I certainly understand that a new approach is going to be needed and a way of thinking about how to deal with these health care costs so that one can still run a very good, high-quality health care system, as we have been able to enjoy in Canada over many years.

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Mr Colle: On the other hand, on the American side, the escalation on the HMOs is double what Canada's increasing costs are. What I was struck by is the cost: US\$24,000 to give someone basic health care coverage.

Dr Mintz: That number is not correct. It depends on the plan you pick in the United States. One has to look at that a little bit more carefully. The numbers I've seen are not nearly anywhere as high as \$24,000, but it is significant in terms of employer costs and employee costs and in terms of the health care system. We know the health care system in the United States is a very high-cost system. It's gobbling up 15% of their GDP. So I'm not trying to say we should emulate the United States. In fact, I would argue that given the quality of the health care system in the United States, which runs well for those who can afford it but is not good for those who can't afford it—

Mr Colle: It's very expensive.

Dr Mintz: —it's a very expensive system.

We have been able to keep costs down to some extent in health care because we have run a more efficient health care system than the United States. But that's going to be the challenge. The challenge is going to be trying to deal with those costs over time, when we know it's having a huge impact on the share of provincial expenditures that are spent on programs, and at the same

time the demands of the public in terms of having a health care system that's going to be there for them in order to deal with their pain and suffering.

Mr Colle: Just a last comment. It's interesting in the—

The Chair: Thank you, Mr Colle, and I thank you for your presentation this afternoon.

CANADIAN CENTRE FOR POLICY ALTERNATIVES

The Chair: I would ask representatives of the Canadian Centre for Policy Alternatives to come forward. Welcome. Good afternoon. If you would identify yourself for Hansard and the other members of the committee, we'd appreciate that. You have an hour for your presentation. That can be made up of a question period, if you so desire. You may begin.

Mr Hugh Mackenzie: For the record, my name is Hugh Mackenzie. I'm the co-chair of the Ontario Alternative Budget Working Group. It's a project of the Canadian Centre for Policy Alternatives. The Canadian Centre for Policy Alternatives is an independent policy analysis group based in Ottawa. It has branches in a number of provinces: Nova Scotia, British Columbia, Manitoba, Saskatchewan. The only formal presence of the CCPA in Ontario is the budget project.

I'll apologize in advance. If I look like I'm having trouble turning to the left, it has nothing to do with ideology; it has to do with the fact that I slept in a draft last night.

Mr Colle: Just as long as it isn't whiplash.

Mr Mackenzie: That's OK. I try not to get whiplash from that.

I've distributed a couple of documents that we've produced recently. The two of them really go together. One of them was released a couple of weeks ago. It basically attempts to think through the fiscal situation of the province, how we got to where we are, and to make some projections about what will happen if we don't do anything else between now and four years from now when the government's term in office ends.

The second piece is the piece which we've released today, which I hope will form the core of what we are talking about this afternoon, which lays out a proposal/suggestion to the government about how it might address the problems we've identified in the first piece. What I'd like to do—and I hope I can leave lots of time for questions, because I think that's the most important part of these exercises. Let me just start with the first one and take you through what I see as the highlights of the analysis of the fiscal situation.

Perhaps before I start getting into the details, I should just describe how it is that we go about doing this. I've constructed a model of the provincial budget which is driven off assumptions about the rate of inflation, the rate of real growth, interest rates, and it enables us to do projections off into the future of what is likely to happen under various assumptions about how expenditure grows

and how the economy grows in general. You can factor in, for example, tax increases that have already been announced and that sort of thing.

In the analysis we did of the situation as it currently sits, let me try to point to a number of highlights. First of all, the deficit for this year. Mr Peters's analysis concluded that the deficit would be \$5.6 billion. That number, \$5.6 billion, has become what I sometimes call an iconic number in the sense that once Mr Peters put out \$5.6 billion as the expected number for the deficit, that was probably what the deficit was going to be. I think if you look at what's happened as the various financial updates have been given, since then there have been some changes, some of them favourable, on the revenue side, most notably the tax cut rollbacks that the government announced in November.

But there is also a fair amount of flexibility on the expenditure side, because the government has identified, I think quite rightly, a number of accumulated deficits, if you want, the biggest one being the accumulated hospital deficits of over \$1 billion, which the government is suggesting may be written off in fiscal year 2003-04. To the extent that those write-offs do take place, that will push the revenue side up. So I feel fairly confident in saying that when all the dust settles, at the next budget time the deficit will be \$5.6 billion.

As I said, I don't have any quibble with the approach the government is taking to the accounting in this matter. The \$1-billion deficit, for example, that's accumulated in the hospitals is clearly attributable to the policies of the previous government and, other things equal, I don't see any particular reason why the last fiscal year for which the previous government was responsible shouldn't be the fiscal year that carries the weight of getting rid of those deficits. There is no prospect in the finances of hospitals that they're ever going to generate surplus revenues to enable them to retire those debts. It would be, in my view, appropriate for the government to admit that the previous government's cuts had gone too far and write them off. Why not do it in this fiscal year to the extent that there's room to do that?

Looking forward, I think it's important to recognize that there are elements of the deficit the government has inherited that will not have an ongoing impact on the provincial government's finances. There are a number of these, and they're referred to in the little note that I put together. I just want to highlight two or three of them that are of some significance.

The most important is that obviously the numbers for this year only reflect three months of additional revenue from the tax measures that were announced by the Minister of Finance in November. On a full-year basis, there is approximately an additional \$2 billion on the revenue side that comes into play, because we get a full year of revenue from the rollbacks of the corporate tax cuts and the tobacco tax increase.

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Secondly there's an amount, approximately \$1 billion, that is incorporated in the estimates for 2003-04 that I

would categorize as clearly non-recurring—at least we certainly wouldn't anticipate it recurring—and that's the roughly \$1 billion in additional costs attributable to the SARS outbreak. We may have another random event like that, in which case there will be another random increase in spending, but those certainly aren't costs that are built into the funding base of the province. We can expect that that will go away as well.

Finally, there is again a fairly substantial number in the estimates for this year that relates to the negative impact on the province's finances of the hydro rate freeze. The hydro rate freeze impacts the budget in a couple of ways. The direct way it does is that as the accounts have been redrawn, the financial activities of the independent marketing organization get folded into the provincial budget; and to the extent that the cost of providing power exceeds the amount that people are paying for it, that negative amount gets factored into it.

Second, even with that, because a portion of the additional cost under the financing legislation was to be borne by Ontario Power Generation, it affected the profits of the crown corporations in the energy sector, and that in turn affects the government's revenues. We don't know yet what the end of the story will be with respect to the pricing of electricity. I think it's safe to assume that when the dust settles from those changes, the electricity sector will be generating enough revenue to balance off at least the cost of generating the power. That negative effect on the provincial budget that's happening this year will not recur. In the projections that I've done, I've simply assumed that when all is said and done, the impact of the electricity sector on the provincial budget will be neutral, as opposed to a negative of some several hundred million dollars in the past year.

When you take all those factors into account, you'll see in the chart that appears on page 12 I have a forecast that's based on consensus assumptions about economic growth. Those are the assumptions that were released as part of the December financial statement. To jump down to the bottom line, they show the small surplus in 2002-03, the \$5.6-billion deficit projected for 2003-04 and a deficit of \$2.2 billion for 2004-05. If you want to think about things in the framework that the government has invited us to think about these things, which I think is the right one—if you want to think about things in terms of structural deficits, the bottom line of the structural deficit is between \$2 billion and \$2.5 billion. In other words, when you take the \$5.6 billion that we're sitting with right now and you factor out the things that are transitory, that are offset by revenue increases or will be addressed in changes in other policy like the hydro pricing policy, when you take all of those things out, you end up with an embedded deficit of something on the order of \$2.2 billion.

I make the point that this is a bottom-line deficit because my view is that in fact the deficit that I forecast now, while it's an accurate reflection of what's happening on the strictly and narrowly defined financial side, is an understatement of the real deficit. It doesn't

take into account the fact that in a number of areas of public spending the current levels of spending are unsustainable in the sense that they are unsustainably low. The education system, for example, will have a great deal of difficulty functioning at its current level of activity without a significant injection of capital. There has been a lot of attention to funding for infrastructure both at the provincial level and at the municipal level. I doubt that you'd find too many observers who would say that the current rate of capital spending in Ontario is sustainable. It just cannot be kept at that low a level and have us expect not to see even more obvious degeneration in the quality of public infrastructure in the province.

Be that as it may, we get an estimate of about \$2.2 billion as the forecast deficit for 2004-05, and importantly, I think, when you use the economic growth assumptions that the government has used in its December statement and factor them against the \$5.9 billion in new investments that were promised during the election campaign last fall, if nothing else happens, our forecast is that the government will be able to accomplish about 35% of the \$5.9 billion in new investments that it promised over its term of office unless something is done to deal with the revenue side of the equation.

From our perspective, the size of the fiscal hole, if you want, that the government faces is not so much the \$2.2-billion deficit next year if nothing else happens; the fiscal hole as far as we frame it is that compared with the promises for public services improvement that formed the core of the government's election campaign, there is a gap of on the order of \$3.5 billion between what the government promised that it would be able to do during the life of its term of office and what the economic forecasts say the revenue system will generate.

That gets the story up to the point of the piece that we released this morning. Just to summarize the conclusions: The default, doing nothing going forward, we're looking at about a \$2.2-billion deficit next year. Again, doing nothing more in the budgets except for the tax increases that have already been announced, going forward to the fourth year of the government's term, we're looking at the government only being able to achieve about 35% of the new investments that it has promised, assuming that the budget is balanced in the fourth year.

So in very simple terms, there are two conclusions out of this. One is that, basically, under no circumstances would it be reasonable to expect the budget to be balanced this year.

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Just to put this in perspective, again, default going forward, doing nothing other than looking at that deficit and deciding you've got to get rid of it by cutting spending, the degree of spending cut that would be required to balance the budget next year would be equivalent to the most stringent spending cut that the previous government implemented in any of its years in office. To say that that's inconsistent with what I suspect most people in the province thought the message of the election campaign was is a wild understatement.

I don't think anybody is prepared for, expecting or in fact willing to accept a rerun of the 1996-97 expenditure cutting exercise going into this government's first budget. So to the extent that action needs to be taken to address the deficit, in my view, clearly it has to be taken over a longer period of time than one year. Expecting to balance the budget in a single year would be irresponsible, given the state of public services in the province.

The second general conclusion, as I said, is that there's about a \$3.5-billion gap on the revenue side between what the fiscal system of the province is likely to generate over the next three years and what the expenditure commitments are that flow from the platform.

Based on those conclusions, we have put together a suggested package of tax changes that we believe would enable the government to balance the budget over its term of office, recovering from the \$5.6-billion deficit that it inherited, and in addition to that, deliver on the \$5.9 billion in new investments that were promised in the election campaign.

The revenue package we're suggesting falls into two broad categories. The first is something that we call maximizing the revenue from the current tax system. It essentially involves identifying major tax expenditures, major tax loopholes, in the current tax system and closing them. Those fall into two key areas. One is in the corporate tax system.

One of the things that had a very low profile in the budgetary actions of the previous government but that actually accounted for a significant loss in revenue was an astonishingly large number of tax expenditures, new tax breaks provided for in the Ontario corporate income tax system. I counted them up a couple of nights ago. There were 56 separate new tax expenditure measures that were introduced into the provincial corporate income tax system. This is at a time when most people who think about corporate tax policy from a tax policy perspective are taking the position that tax expenditures in the corporate tax system are not very effective in delivering on the economic policy objectives that they're supposed to achieve. They weaken the fairness of the tax system and they're very expensive, the net conclusion being that the policy objective of the government ought to be to reduce these tax expenditures, not to increase them.

Just to amplify the point a little bit, when the Harris government took office there was, even at that time, somewhere in the range of \$500 million to \$800 million in tax expenditures, tax loopholes, basically, that existed in the Ontario tax system that did not exist in the federal corporate income tax system. So there was a lack of parallelism between the two corporate tax systems.

There are a number of issues that are raised by that lack of parallelism. It increases administrative costs for tax filers, because you've got two completely separate tax forms to fill out. Because you've got two separate tax systems, it forecloses the possibility that you might actually have—perish the thought—an agreement with the federal government to share the cost of collecting the tax and have only one tax administrative authority collecting the taxes instead of two.

But most important, there is substantial evidence to suggest that differences between the Ontario tax system and the federal tax system or between the Ontario tax system and neighbouring provincial tax systems are so insignificant from the perspective of the taxpayer that they have virtually no influence on the decision-making of the corporation. They cost the province money but they have very little influence.

There are some exceptions to those. In our proposal we identify those and suggest that they be dealt with separately. Those are the grants that support cultural industries, which until the Harris-Eves government took power had been delivered through a system of grants. Those were converted into tax credits, and we're suggesting that those be isolated and converted back into grants. From a tax policy perspective, delivering these benefits in the form of grants is much more effective. There is much greater accountability, it's much better targeted, and because the onus to demonstrate that you qualify is on the person who is applying for the grants, you are much more likely to get the activity you're supposedly subsidizing happening than when you deliver them through the tax system. The fundamental point about delivering things through the tax system is that the onus is on the tax authorities to demonstrate that you're not using it properly. My own very simple-minded view of these things is that if you're seeking to get a public benefit, you ought to be accountable for it and be prepared to justify your getting it.

The net effect of getting rid of the excessive tax expenditures that were introduced since 1996, while protecting the subsidies for the arts, culture and television industries and so on that are built into those, the net effect after you've protected those is about an \$850-million saving in provincial revenue.

The second big item—this is obviously a controversial one and I expect we may have some discussion about it—is to get rid of the loopholes that are built into the employer health tax. The employer health tax contains a number of exemptions, the most expensive of which is the exemption for the first \$400,000 in payroll. When Minister Nixon, back in the 1980s, first introduced the employer health tax as a replacement for the Ontario health insurance plan premiums, the exemption had a much lower threshold and the attempt was made to target it specifically to small businesses. Since then it's been drastically expanded in three respects. One is that in the initial formulation, it was a graduated tax, so that nobody got out of paying the tax entirely. There was a low rate and there was a higher rate. That got made significantly more generous. Second, the threshold was raised from \$200,000 to \$400,000 and it was converted to an exemption for the first \$400,000 of payroll. When it was first introduced, the way it worked was that if your total payroll was less than a certain amount of money, you paid a lower rate. The previous government changed it to an exemption for the first \$400,000 in payroll. The last thing they did is they completely exempted people who were self-employed. So the net effect is that if this is

theoretically a tax measure designed to help small business, it's incredibly poorly targeted.

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To pick up on the point that was being discussed with Mr Mintz in your previous session, whether the value of the benefit from publicly funded health care insurance is \$24,000 or \$8,000 or \$5,000 or \$7,000, it is a huge advantage competitively to business in Ontario to have that employment cost covered largely through the tax system. We think it would be appropriate for that tax to be levied as a flat rate tax on all payrolls, regardless of the size of the payroll. That would generate an additional \$1.1 billion in revenue if it were fully phased in.

The last piece of the puzzle on maximizing revenue from the existing tax system speaks to complaints that have been raised over and over again by the auditor about the extent and effectiveness of Ontario's enforcement of its own tax legislation. The most recent report got a fair amount of attention because the auditor found—the number isn't immediately in my head, but kind of a mind-boggling number of corporations in Ontario don't even bother to file income tax returns. On the retail sales tax side, there are legions of stories about the inadequacy of the audit procedures with the retail sales tax, where the retail sales tax is being collected but not remitted to the government. We think it would be reasonable—in fact, very conservative—to assume that a more aggressive approach to administering the current tax system would improve annual revenue by about \$400 million.

One of the things that is kind of shocking, which has come out in the auditor's reports, is that the provisions of the provincial income tax that relate specifically to Ontario—the claims for the property tax credit, the sales tax credit, the Ontario tax reduction and various other things like that—aren't audited at all. The federal government's enforcement branch does not audit provincial provisions, and there is no capacity in Ontario to audit those provisions at all, period. When the federal government audits somebody's return, they don't bother to audit the provincial provisions. Nobody's doing it. I think an agreement with the federal government to have them extend their returns auditing to those provisions would generate a substantial amount of money.

The other piece of the proposal is on the personal income tax side. We believe the public opinion polls that say people would be prepared to pay higher taxes to improve public services are right. We believe the state of public services in Ontario at the moment is such that the kinds of new investments the government has promised, the \$5.9 billion, would, over the term of office of the government, have a visible, positive impact on people's perceptions of the quality of public services in the province, and we believe that people are prepared to pay for that.

The other piece of the package we're proposing is a very modest increase, 2%, in each of the tax rates in the personal and corporate income tax systems. When I say a 2% increase in the tax rate, I'm not talking about two percentage points; I'm talking about increasing, for

example, the bottom rate of income tax from 6.05% to 6.17%, and so on up the scale. If you increase all the rates proportionally in that way, you end up with a kind of progressive profile of the impact. We estimate that you generate about \$1.25 billion in additional revenue from personal income and about \$150 million in additional revenue on the corporate side.

In terms of individual impacts, for a taxpayer at the median income level—that's the level of income where half the taxpayers have incomes higher than that and half the taxpayers have incomes lower than that; that number is about \$35,000, by the way—the measure we've proposed would cost about \$50 or about \$1 a week. At the average taxpayer's income, which is in the neighbourhood of \$45,000 to \$50,000 a year, we're looking at an additional cost of between \$150 and \$200; in other words, between \$3 and \$4 a week.

We believe, as I said, that the polls are correct. If you present people with a proposition that says we will be able to improve public services substantially and in a noticeable way, they would be prepared to pay more for that. In terms of how it relates to the tax cuts that have been put in place so far, it's about 15% of the personal income tax cuts that have been put in place in Ontario since 1996. So it's about \$1 in \$8 of the cuts.

In a nutshell, that's the proposal. We estimate that those measures together would generate about \$3.75 billion. We're not making any suggestions as to the timing. Obviously, you wouldn't do all of it all at once. What we are saying, though, is that if the government's objective is to deliver on the \$5.9 billion and have the province's fiscal situation fixed by the end of its term in office, then revenue measures on this order, implemented over the four-year term of office, would lead to a balanced budget by the end of the government's term of office and enable it to make those very necessary investments in public services.

The Chair: We have about eight minutes per caucus, and we'll start with the official opposition.

Mr Barrett: Mr Mackenzie, I appreciate the detailed technical papers you have distributed. You've raised the issues of the deficit and taxes and the issue of advice not to reduce government. During the election, when the issue of the deficit was raised, I know the Fraser Institute presented two choices at that time, very simple ways as I recall. One option was for government to cut taxes. We certainly see the federal Liberals in the process of doing this, and having done this in recent years as well; and secondly, finding efficiencies or savings in government, something we do see and have seen the federal Liberals involved in as well. Maybe just to reiterate what you have been presenting, you see these two options as totally out of consideration?

Mr Mackenzie: One of the great things about election campaigns is that they're not referenda. Everybody gets to sit around rooms like this endlessly afterwards discussing what they mean. I think that other people will have different views about what the messages out of the election were. As a careful observer of the election cam-

paign myself, the message that got through to me was that the government was talking about a change in direction, a change in the approach to public services. We had a leader who became Premier who stood on public platforms and said he believed in public service, he believed in public services, he believed it was important that Ontario reinvest more money in public services, and I take that as the overriding commitment of the campaign. As a result, I see a suggestion that the deficit be addressed by hacking away further at public spending as a recipe for making a very bad situation much worse.

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I'm not the only person who's saying that. If you look at, for example, the work that the Toronto-Dominion Bank has done on investment in public infrastructure, Don Drummond points to a huge shortfall in capital spending at the municipal level and on physical infrastructure at the provincial level in Ontario. In the hospital sector, the fact that the hospitals, over the past few years, despite a great deal of pressure from the provincial government, have not been able to avoid accumulating a deficit of over \$1 billion I think speaks volumes to that. We can see the consequences of budget restraint, budget cuts, in the education sector, both the elementary and secondary sector and the post-secondary sector.

In rhyming those off, I've rhymed off all of the major areas of public spending, so when I look at the services deficit that we're confronting and somebody suggests to me that we can solve the government's budgetary problems by cutting back on spending, my question is, where? We have been through a period of unrelenting cuts in public services over the last eight years. There isn't anything left.

Mr Barrett: OK. In paper number 1, referring to an increase in government spending on services, you indicate again it can't be done without both increasing taxes and running deficits, for at least part of its first term in office. I think [Inaudible] said running deficits right up until the last year—

Mr Mackenzie: Well, it could be. It depends on what decisions you made about the timing of the tax changes.

Mr Barrett: With respect to your call for increasing taxes—and we do know that as of last December we had an announcement of essentially a \$4-billion-plus increase in the amount of money people will be sending to government under the Fiscal Responsibility Act—would you be advocating increasing taxes beyond this \$4-billion announcement that was made for the coming fiscal year?

Mr Mackenzie: The \$4 billion—that's the highest number I've seen attributed to it.

Mr O'Toole: It's \$3 billion.

Interjections.

Mr Mackenzie: The short answer is, whatever your number is—I'll tell you what: I'll make a deal with you.

Mr Barrett: It's \$4.13 billion.

Mr Mackenzie: I'll make a deal with you: My numbers are based on the assumption that the revenue measures are worth between \$2.5 billion and \$3 billion, so if it turns out that they generate \$4 billion, as you say,

then that will be good news, because it means that the government will only have to increase taxes by \$2.4 billion, instead of \$3.7 billion, to meet its spending.

Mr Barrett: To meet that \$5.9 billion in promises.

Mr Mackenzie: The \$5.9 billion, yes.

Mr Barrett: Can that be done without selling anything—

Interjection.

Mr Mackenzie: I'm not a big fan of—

Mr Barrett: The LCBO, TVO?

Mr Mackenzie: It seems to me that to suggest that the government's budgetary problems can be solved by selling off assets is to deny the underlying reality in the deficit. It is a structural deficit and you don't solve a structural deficit by selling off assets, just as in your own personal life if your outflow of money is greater than your salary, you don't solve the problem long-term by selling the lawn mower.

Mr O'Toole: I always appreciate your input, Hugh; very much so.

Mr Mackenzie: I just want to say, Mr O'Toole, that I was pleased to see you. I was hoping I wouldn't miss you.

Mr O'Toole: I was actually watching on television—

Interjection: Oh, yeah.

Mr O'Toole: No, I was. I'm quite serious. I wouldn't miss it for the world.

I want to put on the record very clearly, Mr Mackenzie, that you've exposed the rawness of it all. I really commend you on your paper number 1. It's an extremely good summary, and in it, it says that the centrepiece of the Liberal campaign was a package of public service investments conservatively estimated to add up to \$5.9 billion over the term of four years in office. I think you've done a masterful job of uncovering the obvious.

Mr Mackenzie: That's my specialty.

Mr O'Toole: The fact is, though, no one, including Mr Phillips—the reason he's not finance minister is because he knew too. He was an extremely good finance critic, and he said in June and he said in the House that it was probably about \$5 billion. Then you go on to sequentially kind of retell the story of history.

They've come up with the four standard procedures for excuses, really. Shock and dismay—gosh, they knew all along and then all of a sudden, the day of, you said the very minute of when the polls closed, "Gosh, this big problem emerged."

The second step is—

The Chair: Thank you, Mr O'Toole. Your time has expired. We'll move to the NDP.

Interjections.

The Chair: Come to order, Mr O'Toole.

Mr Prue: A number of questions. I'll see how many I can get in, in the eight minutes.

Mr Sorbara, the finance minister, was here this morning and he suggested, I think—because I was trying to read the entrails a little bit, some kind of Roman augur—that there would be no deficit and no tax increase option.

That's really where he favoured going. That's his preferred solution for 2004-05. This would necessitate, as I see it, about a \$2-billion cut in programs. Where do you think the government might make the cuts? I'm not asking you to make them, but if one were to make the cuts, we're trying to figure out where they could possibly be proceeding. He was not willing to elucidate on that point, nor were the civil servants who came after him. Where might those cuts be made to do the least damage to the economy?

Mr Mackenzie: It mystifies me, frankly. It would seem unusual, let me put it that way, if the cuts were to be found in health care, given the consensus about the importance of the health care system in the province. That accounts for a significant proportion of the provincial budget.

There is no suggestion that the elementary and secondary education system could tolerate further cuts in spending. In fact, that sector is counting on a continuation of the implementation of the Rozanski recommendations just to keep the system from falling apart. In post-secondary, the government has already frozen tuition, so it's hard to see how anybody's going to be able to justify not increasing the provincial government's expenditure on post-secondary education.

You go on in the social services area: We're working on social assistance rates that were cut by 20% and frozen in 1995. It's hard to see anything happening there.

The other big one is capital spending. Again, there's a consensus, pretty much across the spectrum, that capital spending is dangerously low.

So I don't have any good guesses. It may be that what the minister thinks they might do is treat next year as a temporary problem and sell off a bunch of assets for temporary relief.

Mr Prue: Is that what you see as the likely scenario here, selling off the LCBO, TVOntario, hydro? I don't know what else would generate that kind of money. Algonquin Park? I mean, what do you see?

1550

Mr Mackenzie: Far be it from me to plead the case of the previous government, but most of those properties are not new on lists of things that might be sold. Those are all things that the Harris and Eves governments looked carefully at selling themselves, and for their reasons decided not to proceed. I would assume the fact that the LCBO generates over \$1 billion in revenue annually for the government might have had something to do with the fact that the previous government didn't sell it. The prospect for—

Interjection.

Mr Mackenzie: Yes, but Harris didn't sell it either. So it's inconceivable to me that anybody would pay enough money for the LCBO franchise to compensate on a capitalized basis for the loss of the revenue.

So I don't know. I can't put my finger on any big item.

Mr Prue: OK. You have suggested as one of the solutions that we raise personal income taxes by 2%. I understand that isn't from 27% to 29%. You gave the

example, I think, of 6.07% to 6.15% at the lowest rate. You want to do that across the board. Do you not think that raising the higher levels could easily get as much money? I'm talking about the surtaxes. A surtax of 3% on those at \$100,000 or more, a surtax of 6% on those at \$150,000, would raise at least as much—possibly more—as across-the-board.

Mr Mackenzie: Because it's expressed as a percentage of the existing rate, the tax increase is a higher percentage of income as income goes up.

There are basically two reasons for the choice that we made. One of them is a practical political issue and the other is a more philosophical one.

The practical political question is that we're making these proposals in a sincere effort to get this government to implement them. We felt that a proposal that just taxed people in the highest income brackets frankly would not be taken seriously in the debate that I would assume is happening within the government right now.

There's also a philosophical reason for suggesting an across-the-board approach rather than taxing only high-income people, and that is that I really believe that one of the reasons why we got into the fix that we're in now is because governments basically got away with suggesting to people that there was no relationship between the services that they enjoyed and the taxes that they paid, that somehow taxes could be considered a burden on people that could be shed without having any negative impact on the services that we depend on.

I'm not the phrase-maker that Oliver Wendell Holmes was, but I guess the proposal to increase income taxes across the board is a way of expressing, in very concrete terms, Justice Holmes's observation—I'm paraphrasing now, because I don't remember it exactly—that "I pay my taxes willingly. Taxes are what I pay for civilization." I think the message that is inherent in the package that we put together is that we all benefit from public services—frankly, we all benefited to a greater or lesser extent from the tax cuts as well—and if we want to improve public services, we all should participate in the solution to the problem.

The Chair: Thank you. We'll move to the government side.

Ms Marsales: Mr Mackenzie, I've thoroughly enjoyed your practical approach to balancing the deficit. I have a question with respect to the suggestion of the 2% increase. One of the previous speakers identified a graph where individual incomes are falling against the rising values of real estate, and it could be suggested that personal debt right now is at an all-time high and a lot of it is being leveraged against increasing real estate values and can be somewhat suspect in terms of the long-term potential to have challenges down the road. Have you taken that into consideration in your analysis of the capacity?

Mr Mackenzie: As I pointed out, the proposal is structured in such a way that the impact at the low end of the income scale is extremely modest. The median taxpayer would pay \$50 a year, a dollar a week. I think

that's a pretty modest investment to be asked to make to share in the cost of what will be a fairly substantial improvement in the quality of public services. So it's taken into account to the extent that we've deliberately structured the proposal to be progressive, but we've also deliberately structured the proposal so that everybody is paying something.

Part of the change that I think we need to get our heads around is to stop thinking about everybody as taxpayers and start thinking about people as citizens again. Part of citizenship is contributing to the cost of paying for civilization. I know that's hopelessly abstract. It's interesting, when you talk to people who are advocates for low-income people, they don't like the idea of low-income households being wiped off the income tax rolls. They'd rather see the services that low-income people depend on improve.

One of the things that has always—this is an occupational hazard of mine because I spent several years as the executive director of the Ontario Fair Tax Commission looking at tax fairness issues. One of the things that is very hard to get across is that you can get deceived taking a partial approach to looking at the impact of government on people. To give you an example, one of the oddities of the record of the previous government is that under the previous government the income tax system actually became more progressive; that is, the relationship between taxes paid at the bottom end and taxes paid at the top end actually improved relatively speaking. The overall tax system, however, became less progressive because at the same time, the personal income tax dropped as a share of the total revenue of the government. I would be interested in engaging in the argument, but from my perspective, it almost goes without saying that the total effect of government on individuals, the distributive effect of government on individuals, when you take into account the spending side as well as the revenue side, was significantly regressive, the change was significantly regressive, between 1995 and 2004 even though, looking narrowly, the income tax system may actually have become more progressive.

So I think you have to look at the whole package, not just at the revenue side in general and not just at the income tax system in particular. I think that's the message people need to hear. The trick or the issue in figuring out what those poll results mean, when you ask people, "Would you be willing to pay higher taxes in order to see an improved health care system or an improved elementary and secondary education system?" the key to that syllogism, if you want, is persuading people that when they pay the extra taxes, there actually are going to be visible improvements in public services, that it's not just going to disappear into the pot.

That's one of the reasons why you see more and more people thinking about taxes that are at least notionally earmarked. The mayors were getting together last week and they were talking about earmarking gas taxes for public transit and roads, and there's a reason for that: Then people see a real connection, a direct connection,

between the taxes they pay and the services they get. That's one of the reasons, frankly, why I like the employer health tax, because again, you say the name of the tax and it says medicare. People value medicare and so they understand why they're paying the tax.

The Chair: Thank you for your presentation and appearing before the committee this afternoon. We appreciate it.

Mr Prue: I wonder if I could just ask for unanimous consent. It's a fairly small item. Leah Casselman, who is the president of OPSEU, was scheduled for Thursday, not this Thursday but two weeks Thursday, two weeks Wednesday, whatever day it is; it's two weeks from now, in Toronto—

Mr Wilkinson: Tuesday or Wednesday.

Mr Prue: Tuesday or Wednesday, whatever it is. She is not available that day and has requested that she be

heard in London on Wednesday. There are some vacancies where we have not been able to find the people; if she could have one of those slots, I would appreciate it, and I think she would too.

The Chair: Do I have unanimous consent? Agreed.

I want the committee members to understand that we would have to go past 4 o'clock of the day to do that.

Interjections.

The Chair: Would members please remain for a moment. I have some announcements.

We do have unanimous consent to sit past 4 of the clock in London to hear the deputant? Agreed? Agreed. Carried.

The bus, for members travelling by bus, will be in front of this building at 4:30 sharp.

This meeting stands adjourned.

The committee adjourned at 1603.

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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 27 January 2004

Journal des débats (Hansard)

Mardi 27 janvier 2004

Standing committee on finance and economic affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Tuesday 27 January 2004

Mardi 27 janvier 2004

The committee met at 0901 in room the Best Western Cairn Croft Hotel, Niagara Falls.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order.

I have a few announcements for the committee members. One is that they would like you to take your belongings out of your rooms at the noon hour; perhaps you could put them in the back corner over here. Your accommodations have been paid for, but if you have any outstanding bills that would not be covered by the Legislature, check with the front desk in that regard. As well, we would ask everyone in the room to turn off their electronic devices.

Mr John O'Toole (Durham): Mr Chair, I would just like to make a comment. I think it's a nice, cozy set-up here today. I like being this close to government; actually, I'd like to be a lot closer.

The Chair: Thank you for your comments.

ONTARIO SECONDARY SCHOOL
TEACHERS' FEDERATION
DISTRICT 22, NIAGARA

The Chair: The committee is pleased to be in Niagara Falls today, and we look forward to all the presentations that will be given to us. With that, we'll start with the Ontario Secondary School Teachers' Federation. I would ask you to give your name for the purposes of Hansard. You have 20 minutes for your presentation, and you may allow some time for questions if you wish.

Mr Craig Brockwell: I'd first like to thank everyone for allowing me the opportunity to speak. I've provided a presentation as well. Perhaps I'm not going to be providing insight into how you're going to make the budget, but I'm going to hopefully eliminate one area that is of vital concern, at least to me, to my members and to the broader public.

My name is Craig Brockwell. I'm president of District 22, Niagara, of the Ontario Secondary School Teachers' Federation. I represent approximately 1,100 teachers in the Niagara region, all secondary public. Above and beyond these teachers, though, I represent the interests of the 15,000-plus students whom these teachers serve each and every school day.

Education was the first plank in the Liberal election platform. The Liberals' excellence for all plan for public education promised to make the necessary investments to achieve the very ambitious goals set out in this plan and to fund schools for success. The word "success" is critical, not only in the Liberal plan, but also in the OSSTF beliefs.

Our new government was elected with a mood for change and with a mandate to improve health care and our educational system. This cannot be achieved if we ignore recent recommendations in the Rozanski report. We must not allow the inherited deficit to push us off course. As a government, you cannot betray the overwhelming mandate you received to improve Ontario's public services and, more specific to my presentation today, education. If the necessary investments in education are deferred, we will have extended a vision for education that was soundly rejected this past year.

We are presently experiencing a time of low inflation. This provides us with the unique opportunity not only to catch up but also to keep up with the increasing costs of supplying the students of Ontario with the tools for success. If we do not move forward at this time, we will only fall further and further behind in meeting our students' needs. While the ever-present deficit may feel like an anchor around the government's neck, we must be both bold enough and brave enough to forge ahead and meet the challenge at hand.

The development of the funding formula included a 1997 study of the costs of services and goods provided by school boards. These actual costs were said to be used to determine benchmark values which became an integral part of the formulas that generate funding that boards receive to cover the costs in areas of learning resources such as textbooks, classroom supplies, computers and related costs; school operations, including heating, lighting, maintenance, repairs, cleaning and insurance; construction, including major repairs, renovations, additions and new buildings; and salary and benefits for administrators, teachers and support staff.

In the fall of 2002, the Rozanski task force heard in submission after submission that the key factor in the underfunding of school boards was that the benchmark costs had not been updated since 1998. There were some increases to the benchmarks since 1998 but nothing that would reflect the actual cost increases. Rozanski made it clear in his report that despite other shortcomings in the way grants to school boards are generated, a formula-

based approach was an efficient way to calculate funding that was designed to be equitable to all school boards in the province. It was also made clear that the key to the integrity of a formula-based funding generator was the continued maintenance of the benchmark values embedded in the calculation. Therefore, it was no surprise that Rozanski's number one recommendation was to update the benchmark costs in the funding formula to reflect the actual costs in 2003.

The degree of the underfunding was highlighted in the significant projected funding needed to update the benchmarks. The \$1.1-billion shortfall in funding was so significant that Rozanski proposed the government be allowed to allocate this catch-up funding, which I mentioned before, over a three-year period. The former Tory government made good on the first year of the process in the 2003-04 budget. The 2004-05 budget must include the second instalment.

On top of the catch-up provisions in Rozanski's recommendation number one, the funding formula must be kept current if it is to address the ongoing costs of operating a school board. Rozanski's report stresses the need to provide an annual funding increase to keep benchmarks current. In addition to an annual review of benchmark adequacy, a more comprehensive review every five years would be suggested. Without this keep-up feature of the funding formula, funding will continue to lag behind the actual cost of providing the services required.

There are other inadequacies with the present funding formula as well. Grants for secondary schools are currently based on a cap of 7.5 credits per student. This penalizes school boards where students take on average more than 7.5 credits. In my own board, the District School Board of Niagara, we are presently experiencing an average credit count between 7.5 and 7.6. With Niagara, every tenth of a point in the credit count equates to 10 teachers, and we expect to see a further rise in the credit count next year under the same conditions, those being the continuation of a four-year high school diploma.

0910

Many district school boards, for a number of reasons, have designed the school day so that students may take more than four courses per semester and possibly more than eight courses per school year. Many school boards have music and other programs that provide credits for work done outside of the traditional instructional class time. In addition, the shortening of the secondary program to four years has caused the average credit totals in school boards to steadily increase.

As I have just mentioned, the funding formula provides initial funding for an average of 7.2 credits per student in the foundation grant. The teacher compensation grant provides funding for additional credits above the 7.2 average, up to a maximum of 7.5 credits per student.

Many boards are now reporting an average above the 7.5 maximum that is funded. I just mentioned my own board; we're between 7.5 and 7.6. A number of boards

are reporting an average of at least 7.6 credits per student. The main non-funded expense for these extra credits is teacher cost. Even though these boards have credits above the funded level, the board must still comply with the 21-to-1 class-size regulation. Therefore, additional staff must be provided.

I've provided an example. I'm not going to go through the calculations, but I'm just going to end up with the subsequent calculations. For 15,000 full-time equivalent students at 0.1 average unfunded credits per student, you have 1,500 credits with no funding. If you have to maintain the 21-to-1 compliance requirement, that equates to 71.42 classes. At six classes per teacher, that would require 11.9 teachers. The cost of 11.9 teachers, based on the present funding formula, would be \$700,000. Therefore a medium-sized board—and my board would be one of those—with a secondary enrolment of approximately 15,000 students would experience an underfunding of students' normal credit classes of over \$700,000.

Currently, funding for teachers is based on a teacher teaching 6.5 credits on average. Since the 1998 round of collective bargaining, a workload of six credit classes per classroom teacher was negotiated in most cases—and specifically, locally—but funding remained at an assumed credit workload of 6.5 per teacher. Although the hiring of additional teachers would not relieve the teaching time workload requirement, a school board can relieve some class size problems with additional teaching staff.

Unfortunately, using current funding rules, the school boards would experience a dramatic financial impact. Funding for teacher salaries is based on student enrolment and the number of credits generated by students. If the school board were to hire as few as five teachers, and if it is assumed that the vast majority of the additional teachers are starting at the bottom of the experience and salary grid—where they likely would be—the salary and benefit expense of the required teachers would be \$225,000.

An important additional funding impact must be addressed. On the revenue side, the teacher compensation grant in the funding formula claws back funding from school boards when teachers are placed near the bottom of the experience and qualification grid. The average per-teacher clawback for this group would be approximately \$15,000. In the calculation there, that equates to \$75,000—five teachers at \$15,000 per teacher.

Under current funding provisions there is no mechanism other than the teacher compensation grant to fund additional teachers. The financial impact on school boards would be at least \$300,000. Again the calculations are there for you.

My focus here has been with the teacher costs. However, these deficiencies in the funding formula would also affect support staff—that's our caretakers, our secretaries—both custodial and secretarial, resources such as textbooks, computers, floor space—that's existing space within the schools—as well as a number of other areas. Each of these areas is critical to student

success. If the required investments do not follow, our children will not be properly served or accommodated.

Education is an investment, not an expenditure, and poor investments yield poor dividends—that includes a lack of investment leads to poor dividends. After health care, education is the next major expense in the provincial budget. This is because both the government and the public understand that education benefits all of society. Educating children is a way of ensuring that they will gain the knowledge and the skills necessary to compete effectively in the job market and consequently help society develop economically for many, many years. In addition, it is firmly believed an educated populace will reduce the occurrence of crime, welfare and other social maladies.

Our students deserve a bright future, and today that means we need a great education. We, both the government and the public, must not give up on our publicly funded school system. It has served us all very, very well, and we hope that it will continue to do so.

That's my presentation. Again, noting that perhaps I'm not directing you in areas where you might save dollars, you have a daunting task ahead of you. Certainly the inherited deficit is a great one. But I think that the one area where we have to make the investments, that we have to at least maintain the direction that we experienced at least last year with the previous government investing in the catch-up dollars with Rozanski—I think that we have to continue that path and move forward, so that all of the students, all of our children in society are served well by the education system.

Thank you very much. I appreciate your time and your attention.

The Chair: Thank you. We have about two minutes per caucus. Please leave time for the deputant to respond within two minutes. We'll start with the official opposition. Mr O'Toole.

Mr O'Toole: Thank you very much, Mr Brockwell. I appreciate your input. I can only say, in qualification, that I have a daughter who's a high school teacher. I know they work quite hard; in fact I think she has six and a half credits that she's teaching. I know that she teaches an area—I think she teaches science and history. Anyway, you won't find me in too much disagreement. I appreciate the positive comments you made on page 2 there, that the government made good on its first year. We did have a commitment to do the follow-up on Rozanski; I think the number was \$2 billion. We know and value education.

I'm just going to pick up in the free seconds that I have here: As a government you cannot betray the overwhelming mandate you received from the people of Ontario. It's a fairly good encapsulation of where they're stuck, because really they knew there was a serious revenue problem with SARS, BSE, the blackout. Gerry Phillips said in June that there was potentially a \$5-billion deficit, and they went ahead and made all the promises. In fact, we had a great presentation yesterday from the Centre for Policy Alternatives—Hugh

Mackenzie. You should get a copy of it. It's a really good thesaurus or kind of a pictogram here of how they failed actually to be honest with the people of Ontario.

The Chair: Would you put your question, Mr O'Toole.

Mr O'Toole: The question here is, how much, not just for your school, do you think it would cost this government to fulfill the 20-to-1, the number of students, the number of schools, the number of principals? The promise in education was profound. I think it was in the order of about \$3 billion. How are they going to fulfill that promise? Or did they just promise whatever to get elected?

Mr Brockwell: I can't comment on what the thought process was behind the party moving in.

Mr O'Toole: There wasn't any.

Mr Brockwell: I know that the investment has to be substantial. I mentioned both the catch-up and the keep-up. Because of low inflation, I think that, depending on how the economy performs this year, hopefully we won't have the crises that we experienced last year, and that we might see a little bit of kick in the economy this year. Hopefully we'll see a return. I don't know how it's looking in the tourist industry in Niagara Falls, a big part of the economy locally, but hopefully the revenue generated through the economy this year will be able to support the needs of the educational system. I'm hopeful.

The Chair: Thank you. We move to the NDP. Mr Prue.

Mr Michael Prue (Beaches-East York): I noticed some troubling statistics coming out of education in Ontario in the last few weeks. One of them was the number of children who are now not completing their secondary school credits. It's raised from 20% to 25%. I would assume this is somehow tied in to the lack of teachers—if you can get better individual attention, if you can be motivated by the teachers. Do you foresee, without the lack of this additional staff and monies that you are asking, that this disturbing trend will continue, that we will have more and more children not completing secondary school?

Mr Brockwell: I think if we see investments in areas—literacy, remediation, things along those lines; I know there were recent dollars committed toward remediation. I think that we have to see a mood change in education, and hopefully we'll see that in a go-forward position. This present government has made some changes that have helped the mood of my members, at least, and hopefully that will continue; I think dollars invested not only in the teacher or the compensation side—I'm talking salaries—but in other areas such as special education, perhaps fine-tuning the funding formula so that it truly reflects the actual costs. I think you could probably see some gains and realize some efficiencies. So I'm hoping that all those things occur, and that will certainly improve on those areas.

0920

I taught in a school just a couple of blocks away, Stamford Collegiate here in the Falls, for 12 years, and

we served quite a number of very hard-to-serve students. I think we did a good job. Certainly the teachers are critical to that, and not only the teachers but the support staff. Having a welcoming environment, a clean school and a great place to learn is always very important; secretaries with a nice smile in the morning when you're going in to report to the office or whatever is always important. So the whole school, everyone pulling together and in a good mood, would help, and certainly some changes or investments in education would help that.

Mr John Wilkinson (Perth-Middlesex): Thanks for the presentation. There are a couple of things—just your thoughts.

In this exercise, as we look at having to deal with this deficit that we've inherited, we're always looking at areas where there's money being spent, and the people in the system—the people who work for us, the people who are working for the children—think that the money is not being well spent. I always give the example that we can't afford to spend \$30 million to keep track of \$20 million. In your own experience within education, do you find that after, say, the last eight years there are areas where money is being spent that really should be redirected so that it goes into the classroom, it goes to the children? I'd be interested in your comment on that.

Mr Brockwell: I think when you ask that question of the broader public, the number one concern is always transportation and trying to combine—everyone will comment that you've got at least two buses, perhaps more than that, stopping at the corner of your street. That's always an area where they try to make some changes. My understanding, at least with the funding locally, is that we're underserved by the transportation grants within that.

I was also the head of an art department. When I took on that position in 1992, my budget for approximately 40-odd classes was about \$15,000. When I left that position in 1997 or 1998, my budget was about \$3,000. I don't think the students' needs were served by that. If there were efficiencies there, they were obviously found, and perhaps more. I took on the task of trying to draw from the students, have them pay for their own supplies and things like that. The difficulty there in a school like Stamford was that we had a broad range of economic status within that system. I had some kids who were from middle-class families, some from very well-to-do families and some who couldn't even pay the \$15 for an art tool kit. So in my own experience there were some difficulties with that.

Efficiencies: I know that at the local school board our administrative costs are approximately 2.6%. In this particular board, at least last year, they didn't hire a new superintendent. If you go to any level of the education system, if you're a classroom teacher, what's your concern? Your concern is the 30-odd kids in each class sitting before you, six classes a day. For me as the head of a department, it was not only those 30 kids in those six classes; it was everyone in my department. I come to it

from a different perspective. Then I went on to the vice-principal, principal and superintendent. So I think you're going to see, depending on whom you're speaking to, a broad range of suggestions as to where you can make the efficiencies. We're at the bone right now, I think, locally.

Mr Wilkinson: That's why I was looking for your comment about that. The system—

The Chair: The time has expired, Mr Wilkinson.

I thank you for your presentation this morning.

Mr Brockwell: I appreciate it. Thanks very much.

CITY OF NIAGARA FALLS

The Chair: I call upon the city of Niagara Falls. Would you kindly identify yourself for the purposes of Hansard. You have 20 minutes for your presentation, and you might want to allow some time for questions.

Mr Ted Salci: Good morning, Mr Chair, ladies and gentlemen and members of the committee. My name is Ted Salci. I am the mayor of the city of Niagara Falls. I'm pleased to be here at the pre-budget consultation session that's taking place in our community this morning. I am confident that you will receive necessary feedback today from the taxpayers of Ontario. In addition, this provides me with an excellent opportunity to outline some of the constraints and issues faced by the municipal level of government.

Niagara Falls is known as the world's most famous address. We developed our reputation as one of Canada's foremost destinations. We are the number one tourist destination for Americans coming to Ontario and the number two destination of all visitors coming to Ontario. Obviously, 2003 saw our tourist sector witness a difficult time with such extraneous factors as SARS, the Iraqi war, mad cow and the rising Canadian dollar. It will probably be 2005 before the tourism industry fully recovers in Niagara.

Although Niagara Falls has a population of approximately 80,000 residents, we should not be compared to similar-sized municipalities. We host over 14 million visitors a year, and during the summer months our community can count on an additional 30,000 people per night and 100,000 people on a typical summer day. Obviously, these numbers affect issues such as infrastructure and the provision of services. Therefore, the problems that Niagara Falls faces are more analogous to some of the larger cities in Ontario, especially those with a large visitor base. I will try to outline some of the issues that we are facing.

As alluded to, the past year was a difficult one for the local economy, which is largely dependent upon tourism. Despite the many factors that affected the tourist season, Niagara Falls Tourism and the various tourism stakeholders, including the province, were not complacent. They worked hard in expanding programs and increasing marketing efforts in the form of advertising, print and media and trade show activities.

The difficulties of 2003 outlined how essential it is to market our community. The name "Niagara Falls" only

goes so far. Therefore, the first issue I would like to examine is a business improvement levy for destination marketing. The city of Niagara Falls, with the support of Niagara Falls Tourism, NFT, is proposing that the province of Ontario introduce enabling legislation that would give municipalities the option to apply a levy on hotel room sales. The funds from such a levy would be used for destination marketing by Niagara Falls Tourism.

In Canada, some provinces have decided to generate revenue dedicated to destination marketing through the vehicle of a business improvement levy. Business improvement levies for the hospitality sector are in place in British Columbia, Quebec and Newfoundland and Labrador. In these provinces, the levy represents a self-sustaining way that the hospitality industry generates revenue.

The best way to implement a business improvement levy in Ontario is to have the province provide enabling legislation, which would allow municipalities to establish a levy at the option of the municipality. In BC, provincial legislation enables municipalities to add a 2% levy on the amount they charge for hotel rooms. Guidelines for the surcharge indicate that the purpose of the levy is to assist municipalities or regional districts in funding tourism activities, and particularly tourist promotion and the financing and operation of new tourism facilities, which do have the joint support of the municipalities or regional districts in the tourism industry.

The amount collected from the levy is likely to be substantial. For example, in Vancouver, 100% of the funds raised go to Tourism Vancouver for tourism marketing efforts. This represents approximately 71% of their total budget of \$11.8 million. If a 3% levy was implemented in Niagara Falls, it has been determined that it would generate between \$9 million and \$10 million for destination marketing initiatives and the financing of new tourism facilities locally.

Tourism is a critical sector of the provincial economy, supplying more than 250,000 jobs, 29,000 of those jobs locally. Visitors to Ontario spend more than \$9 billion annually, and \$1.5 billion of that is spent locally in Niagara. Tourism generates extensive tax revenue: Actually, 17 cents of each dollar goes to the federal government, 12 cents of each dollar to the provincial government and 2 cents per dollar to the municipalities.

In 2000, Quebec and British Columbia, which have a levy and are Ontario's primary competitors for the Canadian tourism market, experienced increases in market share of both domestic and US visitors. Ontario experienced a decline. If Ontario had held its market share from 1998 to 2000, it would have received an additional 1.5 million overnight visitors, generating an additional \$340 million in revenue. Destination marketing is critical to delivering incremental visitors to a destination. The visitors spend incremental dollars. This new spending generates new income activity—jobs, income, taxes—and drives new developments as the market share grows

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The tourism industry is beneficial to our community as far as assessment. The tax per hotel room is almost

double the typical tax for a detached bungalow in our community. It is appropriate for the residential sector not to have to carry the tax burden; however, it is essential to have an equitable tax assessment system. Therefore, let me turn to the issue of assessment.

Under the Municipal Property Assessment Corp, MPAC, the annual reassessment in current provincial legislation provides that in 2005, valuations will be made on a three-year rolling average. This system, if implemented, will be very difficult for municipalities to administer. It is our submission that MPAC review the process of assessing properties every year.

As for the date of valuation, currently the date of valuation is June 30 of the assessed year. Since the roll must be finalized by December of the same year, this provides little time for review and to fix errors. If errors in assessment valuation are not identified and corrected before the roll is finalized and sent, municipalities must deal with these changes through the reconsideration and appeal process. A possible solution could have valuations performed as of January 1, thereby providing MPAC a full year to identify problems and errors and resolve them.

Process: Supplemental and omit billings are an opportunity for municipalities to add value to the roll in the year the property becomes occupied or improved. There is an ongoing concern with the timing of this work being completed by MPAC. The apportionment process is an opportunity for municipalities to ensure that land is properly separated among existing owners. Similarly, there are concerns with the timing of this process being completed.

Finally, on assessment, for all property classes there are concerns with the adequacy of the models used in valuations. Specifically, there is a lack of property inspections being performed that would identify changes to the property. In addition, it is believed that local factors are not always being used in the valuation of these properties. These examples impact on values and distort the modelling method used.

Like all communities in Ontario, infrastructure and transportation are essential yet difficult to maintain. Without a mechanism to raise revenues, municipalities are faced with aging and outdated sewer systems, roads and transit fleets.

In terms of water and waste water, as a result of the Walkerton inquiry, the province has passed the Safe Drinking Water Act and associated regulations, along with the Sustainable Water and Sewage Systems Act, 2002. The passage of these acts has resulted in significantly increased costs to the providers of these services; namely, the city of Niagara Falls and the regional municipality of Niagara. The Sustainable Water and Sewage Systems Act actually requires the providers of these services to assess the state of their infrastructure and ensure that the costs for operation and replacement of the system are fully recoverable from water and sewer rates.

In light of the legislation, the regional municipality of Niagara has put forward a report recommending that

water and sewer rates for 2004 be increased by 10% and 5% respectively. It is anticipated by the region that increases to these rates will continue for the next nine years. These rates are only for services provided by the region. The city must still factor in its needs and ensure that adequate resources are available to maintain our infrastructure. Financial assistance from the province is necessary to ensure that municipalities have the resources to implement and maintain these acts.

On public transit—in particular with regard to the Niagara Transit system—a number of issues are currently being faced by Niagara Transit and the city of Niagara Falls. I will address each in turn.

Provincial subsidy: Prior to 1996 the provincial government subsidized 25% of eligible expenditures and 75% of eligible capital purchases. In 2003, Niagara Transit received only a 33% subsidy for buses.

Fuel tax to support the public transportation system: Currently, Niagara Transit is under intense pressure to renew its fleet and expand its services. The promise of the province of Ontario to give municipalities two cents of the current gas tax dollar to be used in improving roads and providing public transportation is critical to ensuring the future of our service here in Niagara Falls.

Employment Standards Act: Niagara Transit requires an exemption from part VII of the Employment Standards Act. The two primary issues revolve around meal breaks after five hours of service and the requirement to have 11 hours off between shifts. Niagara Transit and their employees want to have the flexibility of paying for meal breaks and the option of reducing the length of time off between shifts.

Further regional transportation: Currently, the regional municipality of Niagara is examining the cost to complete a regional public transportation system. The anticipated cost of providing such a system could be as high as \$1 million per year. In examining a recent survey and the results in this matter, the need to implement a regional public transportation system was related to the need of local residents to get to government services that have been centralized St Catharines. In this instance, cost-saving measures by the province have introduced a transportation need for the residents of the Niagara region. In order for Niagara Transit and the city of Niagara Falls to continue providing a meaningful public transportation system, financial assistance from the province is required. A provincial commitment to address the issues facing the providers of public transportation at the local level and the support for a regional transportation system is very critical.

The one area all citizens and politicians will agree is a priority is health care. As a result of past government practices, Ontario is still facing a crucial physician shortage. Municipalities have been forced to delve into the provincial responsibility of health care when our constituents turn to us because they don't have a family doctor. I'm hopeful that your government will take proactive steps to increase health care funding, eliminate the practice of financial incentives being undertaken by

some municipalities and eliminate the red tape facing foreign-trained physicians, which would help reduce doctor demand in our province.

As you know, under the municipal recruitment of physicians, municipalities are being forced to offer financial incentives to attract doctors to their communities. Although the Municipal Act allows municipalities to acquire real property for the purpose of leasing to doctors or dentists, what is actually occurring is that municipalities are offering signing bonuses for doctors to come to their community. The doctors, who have often amassed sizable school loans, are welcoming such initiatives, and who would blame them? However, the result is very dangerous.

Firstly, not all municipalities can compete dollar-for-dollar against Toronto or other affluent communities. Secondly, this is a form of bonus, and what has been witnessed with other bonusing schemes is that there is nothing to ensure these doctors will remain in the community. What could happen is that doctors will go from community to community, collecting bonuses but never staying too long. The end result does not solve the problem of doctor shortages. Although signing bonuses may help in the recruitment of doctors, in many cases it harms the relationship and retention of establishing practising physicians who are not offered such bonuses. Finally, signing bonuses create unhealthy competition between communities and ultimately harm those who have fewer resources.

There is a need for a comprehensive, coordinated and strategic approach to physician recruitment. A province-wide strategy must be brought forward so that every underserved community has for their residents access to a full range of medical services, including physicians. Also, the province needs to police the practice of financial incentives currently being undertaken by many municipalities. Further dialogue between the province and all municipalities must take place so that this matter will take priority in the upcoming year.

In conclusion, I'm sure there are many other issues we could discuss, but we do have limited time. Once again, I would like to thank the members of the standing committee on finance and economic affairs for visiting Niagara Falls. I would be pleased to answer any questions you might have.

The Chair: We have time left for just one question, and I'll continue the rotation if that should occur again. We'll start with the official opposition. You have about three minutes.

Mr O'Toole: I would first acknowledge your input and bring to your attention that the original edition of the Liberal platform did have a 3% levy in it—the destination marketing thing has been requested for some time.

You brought up a number of issues—the impact of assessment issues; huge problems. We're all experiencing this. It's not political, really; it's equalizing the assessment load. As you know, Mr Salci, you set the tax rate—municipally and regionally, so you have control at the end to find some mechanisms to take care of that.

Transit is a huge problem. Without being coordinated, in my view, each local municipality has to make better use of their capital.

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The doctor shortage dates back to 1993. It won't be solved until 2013. It takes about 10 years to train a physician.

As to eliminating the barriers to red tape, you should speak to the College of Physicians and Surgeons. They really are the ones who set the bar. In defence of the new government here, there's not a lot they'll do. The nurse practitioner will play an important role.

What would be the one single thing that this new government could do to help tourism in this province?

Mr Salci: I think the major thing is to allow the levy to take place. As you know, Toronto has proceeded on its own. We're looking very strongly at that same issue, but obviously the issue that Niagara faces is a phenomenal growth spurt. We are very fortunate in that the casino development is taking place, but additional revenue from the casino is something we're also seeking. Our local member has expressed his interest, and I think the Premier did express his interest, in supporting that as well to provide more revenue to the city from the province.

I would say to you, in respect of the tax base, that Niagara residents are really capped out at this point. I hear many comments that people just can't afford increases in taxes any more and that they're at their peak. Seniors in particular are just saying, "We're drowning in tax increases," and we can't have that.

A 10% increase in water this year and next, and that continues on and on—there's water all about us and we have to assess this value. Many people are paying \$70 and \$80 per month just for their water bill. So as far as additional taxation and adjusting the tax rate, of course we understand the impact it has on local residents, but more importantly, it's revenue dollars that we actually need to be raised.

The feeling is that Niagara Falls does generate between \$250 million and \$330 million in room revenues and room sales. If you look at that at 3%, it would provide anywhere from \$7 million to \$9 million that we could use in both advertising and infrastructure, actually, in respect to building a tourism facility.

The Chair: Thank you for your presentation, Mayor.

Mr Salci: Thank you again.

ST CATHARINES AND DISTRICT LABOUR COUNCIL

The Chair: I call upon the St Catharines and District Labour Council, if you would please identify yourself for the purposes of our Hansard recording. You have 20 minutes for your presentation, and you may leave some time for questions, if you wish. You may begin.

Mr John McCann: Good morning. My name is John McCann. I'm the recording secretary of the St Catharines and District Labour Council. I'm also the secretary-treasurer of Teamsters Local Union 879.

Ms Suzanne Hotte: I'm Sue Hotte. I'm president of the St Catharines and District Labour Council. We want to thank you for the opportunity to present our brief.

The St Catharines and District Labour Council represents 36 union locals and 15,000 unionized workers in the area north of the Niagara Escarpment, stretching from Niagara-on-the-Lake to Grimsby. We are involved with many of our communities' agencies and groups, such as the United Way of St Catharines, Community Care, the Niagara Sexual Assault Centre, Women's Place, Out of the Cold and the Niagara Health Coalition, to name a few.

Hopefully, these pre-budget consultation hearings will allow for full and open debate on the future of not only our public services but also our communities and the services they provide for their populations.

The Conservatives cut-slash-sell policies created a quagmire. They starved our public services, they financially crippled our urban centres by downloading and privatizing services, and they increased the number of marginalized people and the working poor. Reducing personal and corporate taxes financially starved the government. The result is that Ontario's deficit has once again reared its ugly head. The present debate cannot happen without looking at both revenue and expenditures. It cannot be restricted by the government's insistence that it will not raise taxes.

Public services in Ontario are in desperate need of rebuilding. The people in our region understand that more cuts are simply not an option. They voted in favour of change, and they are fully aware that in order to rebuild our public services, they may have to pay higher taxes.

Mr McCann: We're alternating here.

We believe that the people in St Catharines, Niagara-on-the-Lake, Thorold, Lincoln and Grimsby value public services and are prepared to pay for them. They voted for an end to cuts and for new investments of \$5.9 billion toward service renewal. If the government persists in its stated goals of eliminating the deficit next year and not raising taxes, it will not be able to keep its promises to renew services. Acting on its ideology, the previous government reduced our ability to pay for public services by nearly \$14 billion in annual revenue.

The question one must ask is, how much does the present government need to keep its promises and to balance its budget in its last year in office? The answer: 25% of \$14 billion, or \$3.5 billion. It can be done. The public would support it. Everyone is prepared to pay their fair share in order to have healthier public services and communities. We urge you to consider ideas for revenue recovery that would enable the government to deliver on its promises of renewed public services.

Ms Hotte: An alternative: The Ontario alternative budget, OAB, has put forward a plan to raise an additional \$3.5 billion a year by maximizing the revenue we get from our current tax system. This can be done by closing tax loopholes in corporate income tax and employer health tax. This alone would generate almost

\$2 billion. The OAB estimates that an increase of 2% in tax rates across the board would generate an additional \$1.25 billion in personal income tax and \$200 million in corporate taxes. Additional funds would be generated by tightening up tax enforcement and by better tax administration.

If we pay a modest amount and our fair share, we will improve our public services and our communities. We're here to talk to you about what that means for St Catharines and Thorold.

Mr McCann: Let's talk about health care. It's easy, when you're talking about the billions we spend on health care, to lose track of what it actually means to people. Here are a few examples of inadequate funding.

Between 1989 and 2001, we went from having 1,230 long-term-care beds down to 701. This loss of 529 beds has a great impact on us, because nearly 25% of our population is over 60 years old.

The number of hospital beds has been reduced, aggravating the situation, because we have always been below the provincial benchmark for the number of hospital beds.

We have no mental health care beds for children.

The Hotel Dieu addiction program treated 95,000 people in 1999. Funding has not kept up with the increase in caseload. The results are inadequate staffing levels and outreach.

Under Canada's medicare system, hospitals and hospital services are paid for from the public purse, regardless of their financing and ownership regimes. In our publicly funded health care system, the real question isn't who pays but rather how much. Publicly funded and administered health care is more cost-effective. P3s, or public-private partnership hospitals, cost more to build and administer. These private companies are in the business of making money for their shareholders. Services are contracted out, user fees appear and, in the case of the British P3s, buildings were allowed to deteriorate. There is little accountability. We cannot afford a private health care system in Grimsby.

The West Lincoln Memorial Hospital should be rebuilt with public monies. The town councils of West Lincoln, Lincoln and Grimsby and their communities support a publicly funded health care system. There should be no user fees and two-tier funding for substance abuse treatment.

Ms Hotte: Education: Inadequate funding in education has had a great impact on our children. The funding formula must also be amended to take into consideration the whole school, including students, teachers, administrators, secretaries, custodians and all those who support students in the school system. It is important that we implement the recommendation of the Rozanski report on education funding in order to address problems created by education funding formulas. Some of these problems include:

The District School Board of Niagara funding shortfall was \$28.2 million in 2003. The Niagara Catholic District School Board experienced a funding shortfall of \$14.2

million. That's \$333.24 per public school student and \$260.46 per student in the separate school system. This money would go a long way to buy the necessary textbooks and supplies.

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Both boards had to make cuts to their special education programs. There are fewer educational assistants and resource workers to help the increased number of special-needs students. In order to have a balanced budget, the boards have had to reduce the hours of work of educational assistants.

There are fewer librarians and guidance counsellors in the secondary schools.

There has been a reduction in the number of school support staff. Schools are closed; students and teaching staff are transferred. Unfortunately, the numbers of secretaries and custodians at the new school are not increased. In one example, we have a secretary to deal with the needs of 500 students, their parents and the staff.

Mr McCann: In 1995, we had a thriving program that was building thousands of new, affordable housing units every year. Since then, there literally has not been a single affordable housing unit built in the entire province. In March 2003, Niagara Regional Housing had 4,240 applications for social housing. We are facing a serious housing crisis.

In 1995, the province cut social assistance benefits by 22%. There has not been a single increase since then. The benefits have not kept up with inflation, and so people now have less income. Ontario disability support was also reduced. Their rental allowance of \$325 does not come close to covering the cost of \$500 or more for one-bedroom apartments in St Catharines. Furthermore, the renter usually has to pay for hydro. These people face poor food security and eviction on a daily basis.

Cuts to social services have had a dramatic effect on our communities.

In 2002-03, there was a 10% increase in the number of families and a 4% increase in the number of working registered with community care in St Catharines. In January 2004, they have seen a 17% increase over the same period of time as last year.

The Out of the Cold program began in St Catharines in 1997. That year, it sheltered 1,500 and fed 4,500 people. In 2002-03, it sheltered 5,500 people and fed 22,000. The numbers have increased between 15% and 20% so far this year. The 600 volunteers who help out each week see first-hand the impact of the social services cuts.

In 1995, Women's Place in St Catharines lost 10% of its operating funding; 1996 saw another cut of 5%. Their funding does not reflect the impact of inflation since 1995. This year, Women's Place must raise \$198,000 in order to cover its operating expenses. Precious staff resources must be diverted from programs to help abused women to fundraising.

The previous government refused to respond to pressure for better public services. Instead, it dumped responsibility down upon local governments. The result is that local public services are suffering everywhere in

Ontario. There is more to do and less money to do it with, and everyone sees that every day, because local public services are the most immediate and most visible public services we have. There must be reinvestment in our cities and towns.

Ms Hotte: The role of government needs to change. People in Niagara voted for change. They do not want privatization, deregulation and cuts to our social and public services. They voted for protecting the most vulnerable members of our society, for safe water and food, for quality health care and education.

It is our view that the people of Ontario don't want to sell off public services to enrich private interests. We do not agree with selling Hydro, selling the LCBO, delisting services such as hearing aids, destroying the universality of seniors' benefits, selling TVO and the list goes on.

Mr McCann: In conclusion, the damages caused by Ontario's Conservative government since 1995 have crippled our public and social services. We feel strongly that the current government has the ability and the vision not only to renew but also to invest in our public and social services.

We know that the province's weak fiscal position is the result of eight years of ill-advised tax cuts that we could not afford. We know that the government cannot deliver on the public services renewal we so badly need without increasing revenue. Indeed, Ontario faces a revenue problem, not a spending problem.

The stakes could not be higher. Raising taxes is the only way of making public services renewal possible. Not raising them and having a balanced budget will mean that the government would have to cut at least \$2 billion in expenditures, cuts that our public and social services can ill afford.

It is time to start hoping again. It is time to reinvest in Ontario.

Again, thank you for the opportunity to participate.

The Chair: Thank you. We have two minutes per caucus, and we'll begin with the NDP.

Mr Prue: I think that what you're saying comes as no surprise to many of us. You are advocating that taxes be raised and that social programs not be cut—that's it pretty much in a nutshell—and in fact that they should be enhanced.

We often hear that people are tired of tax increases or that they've hit the wall. The mayor just before you said that people in Niagara Falls, many of them seniors, have hit the wall in terms of municipal taxes. My question to you: Is it your view that people have hit the wall in terms of provincial or income taxes?

Ms Hotte: I think if we look at the provincial tax rates, both for individuals and corporations, and compare them with the tax rates of all the other provinces, what we find is that we have in some cases the lowest. We are not even close to being in the top three. There is certainly room for a tax increase of 1% or 2%.

When everyone received their cheque a few years ago and you looked at that amount of money—

Mr Prue: You're talking about the \$200 blood money cheque.

Ms Hotte: That's right. That \$200, the government should have kept it. They should have put it right back into social services. That \$200, compounded by the whole population of Ontario, makes an incredible sum of money. It should have been reinvested in our social services so that we wouldn't have 20,000 people going to soup kitchens here in St Catharines. And we're only talking about St Catharines; we haven't touched upon Niagara Falls, Port Colborne etc. That money should be helping our communities.

Mr Mike Colle (Eglinton-Lawrence): I first of all want to commend the district labour council for its work in helping those who are in dire need. You work with the Out of the Cold program; it goes above and beyond just meeting the immediate needs of your members. I think that's the kind of citizenship that we as a government really want to encourage. We in no way underestimate the value of that to the economy, the impact on people's lives. So I hope that you continue that. It is, I'm sure by all sides of the House, deeply appreciated that groups like yours do that kind of work without any compensation, and I hope you continue that.

I again want to ask you to work with us in giving us ideas, giving us any suggestions that you might get from your work with community organizations or from your own members on how we as a government can meet our goals of fixing our public services; we know they have to be fixed. We'd like to get some input from you on how to get over this financial hump that we're facing. We're not underestimating how difficult it is, especially that the demand is so great because in the last eight years we've seen a devastation of them. So anything you can do to forward those suggestions, recommendations and approaches to your MPP—Mr Craiton is here—or to the Minister of Finance, please do that. We're willing to look at and listen to anything you may have from an individual member or one of your organizations that is part of the umbrella group. We need that kind of help, and that's why we're doing these hearings.

Mr McCann: I think that's what our presentation today was. We definitely are offering our services—and no pun intended with regard to services. With regard to financing that, as we have said, the average union member appreciates that in negotiations with any company there's always give-and-take. We realize now that it's going to be a matter where, rather than tax cuts, we might have to ante up a little bit. We're not looking at huge increases to our taxes, but we realize we have to belly up to the bar, so to speak. Again, like I said, the average unionized member realizes that, but they also realize that in order to increase the services that are needed in the community today, this has to be done. What we're trying to portray today is that we will help out the government as much as possible, but it has to be done in the proper fashion.

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Mr Toby Barrett (Haldimand-Norfolk-Brant):

Thank you to the labour council. You have indicated that in 1995 the province cut social assistance benefits and

there has not been an increase. You made reference to inflation. Perhaps following on Mr Colle's offer to receive advice and input from the labour council, how much should the Liberal government increase welfare in the coming budget or subsequent budgets? What kind of an increase do you wish to see this government implement in welfare benefits?

Ms Hotte: I'm not sure—are you looking for a percentage?

Mr Barrett: You gave us a percentage of 22%, the 1995 reduction. What would you like to see as the increase in the coming budget?

Ms Hotte: I would like to see an increase so that they are able to meet their basic food and shelter securities. Right now they can't do that. So if it means that it should be increased by 22%, then that's what should happen.

Mr Barrett: Second, briefly, what increase do you feel this government should implement to the Ontario disability support program?

Ms Hotte: They should definitely increase the supplements for the Ontario disability group. I had an opportunity to talk with Susan Vendetti in St Catharines, who works with this particular group. They are really at their wits' end as to what they would be able to do to help support them any further. The funding is just not there. For all the groups, all the agencies dealing with disabilities and mental health issues, they are all competing for the same dollars in order to promote and fund their existing programs. It takes human resources away from dealing with the problems and implementing the programs, having them working on fundraising. Definitely the disability program should be increased, and you're probably looking at 15%, 20%.

The Chair: Thank you for your presentation this morning.

NIAGARA PENINSULA CHILDREN'S CENTRE

The Chair: Next, I call upon the Niagara Peninsula Children's Centre. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you desire. Would you state your names for our Hansard recording.

Mr Terry Wilkes: First, I'd like to thank you for the opportunity to present to the legislative committee on finance and economic affairs. My name is Terry Wilkes, and I am chair of the board of directors for the Niagara Peninsula Children's Centre.

Mr Tim Wright: I'm Tim Wright. I'm the executive director of the children's centre.

Mr Wilkes: The Niagara Peninsula Children's Centre is a children's treatment centre serving special-needs children throughout Niagara. The NPCC is one of 19 such centres in Ontario. The children we serve have conditions such as cerebral palsy, acquired brain injury, muscular dystrophy, spina bifida, autism, Down's syndrome and developmental delay. Over 50% of our children have three or more serious health or develop-

mental problems, over 70% with developmental delays need help learning to talk and use their hands, and more than 50% need physiotherapy. Service is provided to children from birth to age 21.

Children's treatment centres, known as CTCs, are community-based service providers. Our services help children with multiple disabilities learn crucial life skills that we often take for granted, such as being able to move independently across a room or down the stairs, tying their shoes, telling someone what they want or need, how to make friends and, quite simply, how to play.

The services we offer are physical and occupational therapy, speech and language therapy, paediatric medical, social work, family counselling and support, psychology, recreational services and service coordination for children with multiple disabilities. Support from parents and families is an essential part of care for these children, is critical to the success of their treatment and is an integral component of all our programs.

There are 2,500 children on our caseload at the Niagara Peninsula Children's Centre. There are 40,000 children receiving services from CTCs across Ontario. Although all of these children have special needs and challenges, they are very typical children. They respond to education, attention and love. They have aspirations, dreams and emotions. They have potential—very unique potential in some cases, but nonetheless potential—to develop skills and capabilities. The mission and vision of our centre is to allow these special-needs children to be the best that they can be to reach their potential. Support for these children is an investment toward productive and contributing citizens.

However, I am sure this is not new to all of you. I am sure that many of you, through your work in your communities, have met and been inspired by these children and their families. Jim Bradley has been a friend and supporter of our centre for many years and is familiar with many of our children and their families.

Recently, we had the opportunity to meet with Kim Craitor and make him aware of the problems that we face in providing the services for these children. But in the past, knowledge and support of special-needs children has not translated into tangible support. Reduction of services and increased waiting times for service is currently the norm for all children's treatment centres.

Since 1990 there has been only one instance where the base budgets for children's treatment centres have been altered. From 1990 to 2000, centres received no increases in their base funding; that is to say, no recognition of the effects of inflation, increasing caseloads and new methods of treatment. In 2000-01, \$24 million was provided for all CTCs to help alleviate the pressures that built up over a decade. Although not all unmet needs were met and not all pressures were relieved, the infusion of funds at that time was greatly welcomed.

However, for the past three years we have been back into the annual process of facing inflation and rising caseloads while receiving no additional funding. The results have been predictable: less service to a growing and vulnerable population.

In the last year alone, the negative effects are dramatic. At the Niagara Peninsula Children's Centre, in an effort to balance our budget, we have delayed or frozen the hiring of new staff. The result has been a 48% increase in our waiting list, from 276 to 408 children, with the average waiting time now being five and a half months and the maximum waiting time being one year. In this budget year, across Ontario, centres have had to dismiss 37 staff and leave 71 positions unfilled, leading to the same dramatic increases in waiting times and waiting lists, just as in Niagara.

A quarter of a year delay in a child's development can be critical to the acquisition of skills and competencies; a year can be tantamount to a permanent handicap for the child. A child not gaining these skills and adaptations can be handicapped not only through school but for his entire lifetime.

Another looming crisis in CTCs is staff recruitment and staff retention. Most children's treatment centres, in an attempt to preserve positions, have wage scales that are significantly lower than other health service agencies, such as hospitals. In Niagara, this discrepancy has now grown to between 20% and 25%, depending on profession and seniority, which translates into a yearly wage difference of between \$10,000 and \$15,000. It is becoming more and more difficult to attract staff to our organizations because of this discrepancy. This in turn will result in added service reductions as positions are left unfilled.

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It is clear that children's treatment centres are in financial crisis and need help. Because of the many years of zero increases in support while demand has continued to grow, the financial need of CTCs is substantial. In the case of Niagara, these unmet needs total over \$1 million. On a provincial level, an inventory of needs conducted in 2003 across centres set the total financial need at \$32.5 million. These needs are comprised of \$6.2 million to restore services lost since March 31, 2003, because of salary and operational cost increases in 2003; \$10.5 million to enhance staffing to reduce waiting times that were present prior to 2003 to 60 to 90 days; \$4 million to increase the frequency and intensity of service to levels matching existing standards; and \$11.8 million to help fill crucial service gaps in communities where children and families are forced to go elsewhere, or to go without support services they need.

However, the Niagara Peninsula Children's Centre and CTCs across Ontario recognize the fiscal realities facing the province. We also recognize that the new Minister of Children's Services needs time to organize, investigate and set priorities. We recognize that this kind of funding may be a long-term goal. Nonetheless, the crisis facing children's centres is real and urgent.

As a result, CTCs are asking for some additional funding to tide us over, so that additional children will not have to be denied service or have their period of waiting extended even further. CTCs need immediate short-term relief of between 2% and 3% on a province-wide

allocation of approximately \$80 million to keep services at the 2003 levels. In fact, all that we are requesting in the short term is the same consideration that has been in place for years for other transfer agencies such as hospitals, nursing homes and other community services. What we are asking for is a small investment in the future of thousands of determined kids and their families, which in turn will be an investment in our province's future as these special-needs children strive for the potential that is in them. In addition, we are asking for a commitment to ongoing, collaborative discussion and study in order to establish stable long-term funding.

We have prepared for each of you a package that we hope will give you background data. It covers basically what I have said, plus providing other information that pertains to the Niagara Peninsula Children's Centre. We thank you for this opportunity to make this important presentation, and we'd be pleased to answer any questions you may have.

The Chair: Thank you. We have two minutes per caucus, and we'll start with the government and Mr Caitor.

Mr Kim Craitor (Niagara Falls): Craitor.

The Chair: Craitor. Sorry.

Mr Craitor: I'm on your side.

First of all, it's nice to see you again. I was going to share with you that—when did we speak? It was two or three weeks ago.

Mr Wilkes: Yes.

Mr Craitor: I've probably had—I'm going to guess—20 or 25 other organizations who have come in, and except for changing the names of them, all the factual information about the dilemmas and the financial pressures and the cuts and the lack of funding over the last nine years is the same. They're all facing such a terrible situation in trying to serve the people that they need to serve.

I do have a couple of questions. I did send the letter off to the minister, and I think you got a copy of that.

Mr Wilkes: Yes, we did. Thank you.

Mr Craitor: I'm glad that you took the time to come here to share with the rest of my colleagues around the table the difficulties you face. Just for the information of my colleagues, this is an organization that I'm quite familiar with. It really does, along with a lot of organizations in our community, provide a very valuable service.

If at the end of the day there was just one small thing that we could do to assist you—you've got a whole list of things, but if there was just one small thing that we could help you with in some financial way—what would that be?

Mr Wilkes: I think probably our greatest need and our greatest concern is the possibility, as I've stated, that we're already 20% to 25% below comparative salaries for other physiotherapists etc working in, for example, the school system locally or the hospital system locally. If we're going to retain staff—and I must tell you we have a very loyal staff. We're extremely fortunate to

have the dedication of the staff that we have, but it's only for so long that those people can be dedicated and not look elsewhere. If we lose staff, then of course the problem becomes recruitment, because we can't compete in the recruitment process. So I would say that our greatest need at the present time is to at least provide some form of funding for an increase in staff salaries. We want to recognize these employees. As I say, they're dedicated, they do a tremendous job for us, they like their work with children, which is a fortunate thing for us. But that only stands up so long in the face of their economic needs.

We indicated in here that we recognize the funding pressures of the province of Ontario, and we fully recognize that we can't achieve all of the objectives that we would like here. But we indicate that probably a 2% to 3% minimum type of increase would give us that little opportunity to provide the recognition that we should for our staff.

Mr Wright: We're pleased about the formation of the children's services ministry, because we believe that ministry focusing on children's needs will give a better focus for us in terms of listening to our needs. So as Mr Wilkes was saying, we believe that if we can get a small amount of money to tide us over while that ministry gets organized and starts to understand children's treatment centres and other children's services, then a larger picture can be formed. So we're quite pleased and quite looking forward to that ministry getting on its feet and being able to have a dialogue with us.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much, Mr Wilkes, for your presentation and your comments. I just want to make it clear that I'm very familiar with the children's treatment centres. In my area, we have Grandview Children's Centre. It's an extremely important resource for the people that you've described, vulnerable children, no question about it. You wouldn't find any disagreement there at all.

There are always choices that governments make, and we did make the choices you've mentioned in your presentation in 2000-01 to increase the base funding. I know it was very much appreciated at the time. But in an on-going sense—I see your number here of \$80 million going forward—there's some kind of inflationary thing that needs to be built in there.

I agree with your comments in a very general sense. Having the children's ministry sort of thing, I think, is an important step, to just organize and consolidate all of the service providers, whether it's in school or out of school, and to iron out some of those service delivery problems, whether it's in-school treatment or out-of-school treatment. Some of the funding for the children's treatment centres is a little bit unusual too. It comes from two different ministries, in the case of Grandview certainly.

The other thing is the question of the distribution of children's treatment centres across the province. There are 19 of them. I'm always surprised that in some areas they just don't have it at all. I'm not sure what they do, really. I always feel quite badly.

You do this. How can we improve, how can the government improve—I'm starting to think like I'm in government. I wish I was. You've responded to the question from Mr Craiton but, for the province, what could they do to better coordinate children's services in a growing area where things like autism and that are obviously on the increase and we need to coordinate services better?

Mr Wilkes: I think, on the coordination of services, there is a provincial umbrella group that in fact tries to ensure the coordination of services by the children's centres throughout Ontario. There is presently a proposal to develop two new children's centres. One of the problems, of course, is being in the north, where it has been very difficult to provide services just because of the simple distances of everything. So we see those two new centres as being a tremendous improvement for the areas that they'll serve. Obviously, they're going to put additional funding pressures on also, just simply in developing those two centres.

1020

But as to coordination by the government, and I think Tim has spoken very well to that, we feel that this new children's ministry is in fact going to provide that service. We have been under the Ministry of Health and Long-Term Care, and it's really not appropriate for us. Although we do have long-term care—in other words, some children come in, and we've indicated that we serve children, right up to the age of 21—in the main, our immediate problem is catching these children early. As we've stated, if you don't provide this service to these children, not unlike any child in the education system, if we fail to educate children at the lower levels, they will not be successful at the upper levels; similarly with our children, if they don't get service quickly, many of them will be lost. These children, in many cases, are very vulnerable.

I think the government made a good recognition years ago in the recognition of speech therapy. Although we are the lead agency for that as the Niagara Peninsula Children's Centre, it actually operates under a separate budget. It was an excellent move. What they found, of course, was that if these children weren't given that speech therapy early, by the time they got into school they were lost. I think early intervention is really the best thing that could be done, and if the children's ministry could look at that and say, "We need to put that money up front in order to serve these children expediently."

The Chair: Thank you. We'll move to the NDP.

Mr Prue: There's no question that your group does great work. There's no question that 1,000, maybe 10,000, social agencies across this province do great work. The problem as I see it—your problem and all of their problems—is a lack of money. Is that pretty much it: a lack of money to pay for staff, a lack of money to recruit and keep staff, a lack of money for programs, a lack of money for children's services in general? Is that more or less—

Mr Wilkes: I think we've mentioned that, definitely, and that recruitment and retention are important for us.

Mr Prue: You mentioned a number of figures; I wrote down \$32.5 million, \$80 million. This government is going around the province and asking people a number of questions: what you need on the one side and what cuts might be made in order to provide for your agency, or whether you would consider a tax increase. I'm going to be very blunt with you. I don't think they can accommodate you in any way unless they increase taxes. Would you advocate a general increase in taxes for yourselves and for other social agencies?

Mr Wilkes: I suppose that's a difficult question for me to answer, to advocate an increase in taxes. As long as the tax money that's raised is being spent efficiently, that's the first issue. I believe government has the obligation to spend the money they raise efficiently. If it is the only solution in order to fund all of these social agencies and improve the welfare of the general population of the province of Ontario, both those advantaged and disadvantaged, then likely part of that issue might be a tax increase, yes.

Mr Prue: And you would support that?

Mr Wilkes: When I say I support it, if you're speaking to me as the chair of the Niagara Peninsula Children's Centre or as the poor taxpayer, I would say that if it is the only way the funding we require can be raised, then we would have to support that, because we see the problem that's occurring at the present time.

Mr Wright: I'm not sure we're ready to make a jump like that right now. The point was raised about different funding agencies within government. Community and social services as well as health and the regional municipality of Niagara fund some of the things we do. We believe there are some opportunities for better coordination, for additional discussion. That's one of the reasons why, as we've said, we believe the Ministry of Children's Services will be very helpful, so we believe there are some things that can be done by discussion. But as we say, our plea, our statement today, is to give us the inflationary money we need in order to hold firm in the short term so we can have those discussions, so there can be some creativity among agencies, among children's services. There may be opportunities there, and who knows? That may not solve all of the problems, and we may have to consider other solutions. Certainly I believe that's what we see as the initial steps.

The Chair: Thank you, gentlemen, for your presentation.

Mr Wilkes: Thank you very much for having us.

SHERKSTON SHORES

The Chair: I call on the Sherkston Shores trailer park. Good morning. Please state your name for Hansard.

Mr Gary Bruno: My name is Gary Bruno, and I'm here representing Sherkston Shores. I'd like to thank the committee for the opportunity to speak to you today. We're certainly part of Ontario's campground industry—in our case in particular, the largest privately owned campground. A group of similarly affected campgrounds

across Ontario, along with the Ontario Recreational Vehicle Dealers Association and the Canadian Recreational Vehicle Association, have a similar cause to speak to you through my voice this morning.

I join you today to discuss the impact of recent changes to the province's assessment of recreational vehicles in many campgrounds across Ontario and feel versed to do so from a few perspectives. For the past 10 years, I have been a municipal councillor. I was general manager of Sherkston Shores from 1990 through 1998 and have been a regional manager of many parks in the state of Florida, as well as consulting to the campground industry in the UK, the USA and Canada. I have over 32 years' experience in this industry, and I'm currently retained on Sherkston's behalf. I have co-authored this document with the assistance of Mr Roger Faulkner of General Coach, a member of the manufacturers' association. As well, we would like to especially thank the vehicle manufacturers' association, many Ontario private campgrounds and the dealers' association of Ontario.

We encourage you to listen to our presentation today. We've come to you not just on the basis of identifying a problem but we bring you a solution. We seek your assistance to encourage the ministries of finance, municipal affairs and tourism and their ministers and staff to meet with us jointly. We come to you today with solutions, not just the problem of the new inequity in our industry and the problems it is creating for an industry coming off one of the worst years in tourism history. We have some equitable alternatives for resolving this situation going forward.

My intent today is to give you a sense of Sherkston's already challenging situation as a major tourist draw catering largely to US visitors in south Niagara and, finally, to touch on the broader provincial solution we're developing.

This presentation has been brought together from the four corners of this province. Because we're so focused on a solution—no one likes to pay tax, and that's not our issue—if I do run a bit long on the first part, I will cut it short and allow you to take that. I do want to focus on the latter part of the presentation, which deals with our solution.

A recent overview: Sherkston, as I've mentioned, is a large trailer park in southern Ontario—the largest private campground in North America. It features 1,300 recreational vehicle sites and campsites, making it the largest. Sherkston typically draws, basically from within a two-hour radius, families who want to enjoy an affordable vacation. Sherkston has incredibly loyal visitors who develop a strong camaraderie with other guests. The Sherkston experience for campers isn't pretentious; it's basically an affordable family vacation like many other campgrounds in Ontario.

We provide jobs to approximately 30 full-time and 300 part-time employees. Approximately 12 of those full-time employees are on indefinite layoff as a result of last year's issues with SARS, the border, the war and others. But those 12 people are staying on layoff as a

result of the indeterminate future that assessment brings to our industry. Certainly, as a campground, like other campgrounds in Ontario and the manufacturers of these trailers, Sherkston commits to using local suppliers and contractors. In addition, thousands of short-term campers arrive and spend money in the peninsula.

From a tax revenue point of view locally, Sherkston pays \$380,000 worth of property taxes to the city of Port Colborne and the region of Niagara. This is in addition to millions of dollars in development, planning and capital expenditures. In addition, Sherkston collects and remits over \$900,000 in PST, \$700,000 of it from the sale of park model trailers now being assessed. The impact on those numbers will be dramatic. Currently for 2004, we have cancelled all orders for park model trailers in Ontario, affecting Ontario's two largest manufacturers. We do see a glut in trailers on the market, not only in our business but across the province, people getting out of a particular product and either re-entering in a smaller version product or leaving entirely, particularly our American visitors.

We've invested over \$40 million in 17 years at Sherkston. And now, from the standpoint of a foreign investor, certainly there are members of the board questioning their investment in Ontario and Canada.

1030

Besides catering to over 60% Ontario residents, 40% are from the US. The events I previously mentioned caused a \$600,000 drop in income last year. The assessment looks like it may actually do more than that, but the jury is out on that.

Unlike hotels, Sherkston's accommodations, ie, park model trailers, are not deemed real property and could not qualify for PST recovery as was given by the province last year as part of the SARS recovery strategy.

Until November, which I'll get to in a moment, Sherkston was hoping that for the most part they had turned the corner. While Sherkston's customers are highly price sensitive, and while the appreciating Canadian dollar creates a natural slowing of US visitors, they felt they were back on track for a recovery of their US business, given that geopolitical events weren't a factor.

The impact situation: The agency assessing trailers in Ontario and other campgrounds has limited the assessor's approach to assessing these trailers and taxing them. As you can imagine, if you could relate to this, in late November Sherkston opened their mail to receive a notice of assessed value of \$103 million, up from \$9 million the previous year, and shortly after, a \$1.7-million tax bill for the 2003 season, which had already passed and the campers and customers had gone home.

I could go on and on about the inequity of this tax and what it's doing to the industry, but in the interest of time I am going to go to our proposed solutions.

Assessment of the RV industry and camper consensus is on the front cover, and we will forward to you individually under separate cover a more detailed report on this. There are a number of acts that are in conflict now with the bringing forward of assessments. Basically

that picture shows all the trailers that are in parks in Ontario, and virtually only the one in the left corner is going to be taxed. So if you live in a trailer park—I'm not talking year-round but seasonally—and you wake up in the morning and have eight or nine neighbours in all those other vehicles, they aren't going to be taxed but you are.

This presentation represents major campgrounds in Ontario, comprising over 50% of the current billed assessments, the manufacturers' association and the dealers' association.

Again, there are some photographs of the various types of recreational vehicles. When we sell these trailers, they are not treated as real property; they're treated as personal property. They attract PST and GST but now will be singled out to also pay property taxes.

The assessment inequities are long, but here are a few. Some campground owners allow year-round occupancy in their campgrounds. We don't advocate that those who do should escape tax. We believe they should pay tax—property assessment—but apparently assessment is not based on use in this case, it's based on size. Mobile home owners have cried for years about inequity in the system. Assessments were introduced to combat this. Assessments have hit an anticipated target but only a small portion of the industry. We believe municipal bylaw enforcement can deal with people staying in RVs in parks year-round.

What we wanted to create and bring back to the government is a system that is fair to all, with no leakage, easy and cost-effective to administer; with a buy-in by consumers, campgrounds, manufacturers, dealers and government; and that deters legal challenges, generates revenue, attracts and creates order, provides penalties for non-compliance, eliminates the need to amend current acts, maintains sales tax revenue, addresses long-term occupancy and maintains jobs.

In my travels and working across the continent and in Europe, a solution is already out there that deals with this problem in many other jurisdictions, particularly in the US, and that is a tag or sticker fee. By implementing a sticker fee for seasonal recreational vehicles, the municipality, depending on how the province deems it wants to disperse the revenue, can still receive revenue. It's affordable and fair across the board. We believe it should be set on trailers that stay static for more than three months. It will ensure that all recreational vehicles contribute, rather than the 6% that will be caught up in this tax. Municipalities where one recreational vehicle park is situated will not matter, so there will not be a disparity in tax. There will be a uniform fee in all jurisdictions. Because recreational vehicles, whether they are towable or static, all have VINs, they are very easy to track.

Much like Florida, Texas, California and other US jurisdictions, the administration of a tag fee already has an infrastructure in place in Ontario, that being the licence bureau. The dealer or park owner initially administers the registration of the unit, and subsequent renewal would be through the mail, similar to your vehicle.

Again, because they all have VINs, they're easy to track and annually renewable.

What we seek as a group is consensus. We know that campers are consumers, and we are hearing that all they want is fairness and simplicity. Manufacturers who are now struggling to make their schedules for this year and contemplating a 20% layoff in their businesses in Ontario are looking for a level playing field and a calm and visionary future. Campground owners similarly want this issue resolved. Secondly, assessment carries significant cash flow and administrative costs, which will impact on their business.

In Sherkston's case and in all other cases in the campgrounds, the way MPAC and the government have deemed this is that we are responsible for paying the tax and it is our responsibility to try to collect it from the trailer owners. So if they leave or abandon the park, refuse to pay or go back to another country, the campground owner is stuck with that payment. Just like property tax, he has to front the tax in the interim and then try to collect it.

We believe there will be numerous legal challenges to this legislation on behalf of the campground owners, manufacturers, campers and dealers. We believe the current system could provide penalties for non-compliance. For example, local municipal bylaw enforcement officers can regulate current zoning and licensing bylaws. Campground owners who want year-round occupancy can zone certain areas for it and be treated properly, as your home and mine are. Parks would all be compelled to conform or face penalties already prescribed under existing legislation.

With a tag fee, we would no longer have to amend the current acts, which I will send you, which are at odds with each other with respect to this particular type of trailer. Assessment regulation remains enforceable for non-taxable regulations.

It generates revenue—and this is really the key to it. Our coalition leaves to the municipality and the government the disposition of the tag fee. We propose a revenue-neutral system of assessment, not cutting off the revenue stream the government envisioned. The difficulty with assessment is that, unlike your home and mine, for the most part these trailers depreciate, much like a car or boat. The mechanics and logistics of keeping track of that and the impact on assessment appeals will also impact on the rates that you and I pay as homeowners or businesses, because thousands of campers will be in the queue to have assessment appeals.

Attached is an example of the depreciation schedule on a trailer. I cannot envision people applying yearly to have that done through MPAC to lower their taxes. Just a brief bit of statistics: Of all the trailers listed there, comprising trailers in parks in Ontario, only 6% are going to be taxed.

Finally, the solution is, we believe there are 7,000 of our manufacturers' park models in Ontario. Using MPAC's average numbers will attract \$29,800 per average trailer. At the mill rate, it will generate an

average assessment of \$344. In the southern part of the province, and in Port Colborne in particular, we'll be paying \$634 per trailer. Estimated income from assessments across the province is only \$2.408 million. If you add rooms for \$1.495 million and divide that among the 126,340 seasonal sites in 1,259 trailer parks—this does not include public campgrounds—and we've done a calculation based on 70% occupancy, you'll see in the second-last slide that by promoting a sticker fee of \$40 on travel trailers and \$85 on the 7,000 park models, you would actually raise almost \$500,000 more and there would be equity across the line in parks.

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Just to the committee: the RV and camping industry contributes over \$650 million directly to the Ontario economy and in excess of 5,000 jobs. It's estimated that RVing and camping contributes in excess of \$500 million to local economies. Again, as major campgrounds in Ontario, the ORVDA and CRVA, we thank you for your attention this morning.

The Chair: Thank you for your presentation. We have time for just one question. This turn will go to the NDP.

Mr Prue: I think the troubling thing in the statement is on page 4: "In late November, Sherkston opened their mail to receive a notice of assessed value of \$103 million, up from \$9 million the previous year and shortly thereafter a \$1.7-million tax bill for the 2003 season." Had you in any way been notified by the government that this might be coming about? I have received a number of letters, not from Sherkston but from all over the province—this retroactive taxation. How could you possibly, as a business, do it? How could people who live in these homes, most of whom are poor or poorer, possibly pay?

Mr Bruno: It's a very good question. The answer that we've seen written back from various government departments is, "This was an ongoing matter since 1986. There was a moratorium. You as an industry should have known we were working toward a solution, particularly with the Beaubien commission." However, we did not know the results of Beaubien. We didn't know what the government would do or not do. We made representations to them. In November it was put in front of the minister—and a signature.

It's interesting to note your comment that of over 1,200 campgrounds in Ontario, only 380 were measure-assessed—that's actually assessors going and measuring the trailer; 80 were done windshield or estimates. There are still over 900 campgrounds that have not been assessed. The government, in its wisdom, deemed to drop 2001 and 2002 and invoice only those that were estimated and assessed for 2003 in November and December.

To be more direct to your question, some campgrounds were able to apply to sympathetic lower-tier and upper-tier councils; and under section 365 of the Municipal Act, being onerous, the tax was wiped out. For the majority of campgrounds in Ontario that were assessed, they did not have the time in the Christmas season to do that. They are still assessed and are deemed to have to

pay that bill, even though their customers have left. They're now facing the 2004 bill.

The last point I wanted to make on that is, even ourselves, being fortunate enough in Niagara to have it rescinded by regional and local council, still we bill our fees in September, so we're now having to go back. Our assessment is wrong, and in trying to get it right-sized, we can't tell our customers what it will be. That goes for the rest of Ontario. It will be a nightmare this year to assess 900-plus trailer parks and get a bill out to that campground owner, who ultimately is responsible.

The Chair: Thank you for your presentation this morning. We appreciate it.

HAMILTON-NIAGARA CHILDREN'S MENTAL HEALTH CENTRES

The Chair: I would call on the Hamilton-Niagara Children's Mental Health Centres.

Mr O'Toole: Mr Chair, I just wonder if I could ask for unanimous consent that we consider requesting the Minister of Finance to put a moratorium on these regulation changes that have affected retroactively. For many cases, people who are—

The Chair: Are you a placing a—

Mr O'Toole: Yes, I'd like to put a motion before the committee, if I could, that would say that we would request the Ministry of Finance and MPAC that these decisions on the regulation changes in November be put on hold until such time as our meeting with the Ministry of Finance. I think he's brought forward some extremely important opportunities here, and I mean this in good will. This is not an in-your-face attempt.

The Chair: Mr O'Toole, we do have people present who want to make their presentations today. Could we deal with this matter later today?

Mr O'Toole: OK.

The Chair: Thank you. I appreciate your thinking along that line.

As I stated, I have asked for the Hamilton-Niagara Children's Mental Health Centres. You have 20 minutes for your presentation. You might allow for some time for questions if you so desire. Would you state your name for Hansard.

Ms Linda Langston: I'm Linda Langston, and I'm the executive director of Niagara Child Development Centre in Niagara Centre for youth care. I'm also the chair for the Children's Mental Health Network in Niagara. I have regrets from my colleague Gary Stuart, who's not able to join me from Hamilton. I am also representing six of the children's mental health organizations from Hamilton, so I'll speak for all of us today.

We have provided a PowerPoint presentation, and I'm going to go through that by hand, as opposed to putting it on a screen.

We are community-based, transfer payment agencies using a multidisciplinary approach. We hire psychiatrists, psychologists, social workers, early child educators, child

and youth workers, and we provide an important tertiary care service and support for treating behavioural, emotional, psychiatric and psychological kinds of problems with children and youth. These youth are between birth and 18 years of age.

We very much support the education system and the child welfare system as part of the work that we do. We're part of 83 accredited agencies with Children's Mental Health Ontario, and under the accreditation we do have very high standards for administration and planning and service that guarantee a very high quality of service. We're primarily funded through the Ministry of Children's Services, and that is under the Child and Family Services Act.

The scope of the problem that we are dealing with is based upon a recent Ontario child health study, where it notes that 18% to 20% of the children in Ontario are in need of professional mental health services. This means that over 500,000 children need treatment. Unfortunately, there's less than 10% getting that service, and these are the most highly vulnerable children in our society, typically with behavioural and emotional issues, typically children who are receiving abuse. Often, it is secondary to family problems that are going on: learning difficulties, developmental challenges and many other very complex interrelated issues.

Currently in Ontario, we have about 8,000 children on the waiting list. This is stressing families to the point of breakdown. Many children are not able to attend school, and these children are certainly the most seriously vulnerable ones whom we are actually being able to see at all.

The outcome of the work that we do shows that over 62% to 76% of the children whom we actually treat do have a reduction in their mental health issues. That treatment is usually in an outpatient basis in clinic settings, in schools or in the child's home. What we are trying to do is keep children in their community, and sometimes it is necessary to have them in some kind of residential placement. But what we need you to understand is that the treatment we're providing does work and it has a great value for the dollars spent.

The mental health treatment that we're providing costs approximately \$2,500 to \$3,000 per child per year. That's compared to being in the youth justice system, which is over \$60,000 per year per individual. So our aim is to keep them in their homes and to be far more cost-effective, and certainly to avert the more intrusive situations that will come later in their lives.

We also point out to you that there is a huge lifetime cost to not investing in the children right now. The calculable items that have gone out set out at one point \$1.8 million per child, looking at items like the lost productivity in the economy, lost revenue in taxes and costs related to welfare and EI. These are folks who are going to end up as homeless people in your community if we're not able to treat these young folks now. That doesn't even take into account the health care costs and criminal costs.

1050

The economic impact for the work that we're doing is certainly based upon lessening the stress in other areas. So we come to you to speak to this today, because the work that we do with children helps children to stay in school. It helps the schools to receive more support so that those children are not having to be in special behaviour classes with extra one-to-one staff. It also helps the child welfare system because those families are not breaking up and giving up their children. I can tell you that I've had three calls in the past week about parents who are ready to just abandon their children because they simply can't handle the mental health issues.

So we want to let you know that the kind of work we're doing is contributing to children being leaders and part of the workforce in the future, and we think it's very important to bring this issue to you.

We want you to know what's holding us back, and that is not dissimilar to the information you've heard from the Niagara Peninsula Children's Centre. Our funding has not increased in over 10 years. We have had basically a 35% reduction in our budgets in the last 10 years. That has been experienced with everything from the social contract to expenditure control plans and an actual reduction in our budgets of 5% under the Harris government, pay equity, inflation. As you know, we still have rising costs for insurance, hydro and all of the others that everybody is experiencing.

We have been able to look at our salaries across the province and know that we are \$10,000 to \$15,000 behind the educators and the health systems. I would just point out again that our money does not come from the Ministry of Health; our money comes from the Ministry of Children's Services, and there have been no increases. So we in particular are having a great deal of difficulty with retention of staff, although we too have very dedicated staff, but also in terms of getting the kinds of qualified staff we need for what we can provide.

We have found every efficiency we can. I want you to know that in fact our two agencies are amalgamating in the next two months because we had to find ways to cut back. So we have gone to one executive director; we've let four other positions go over the last few years. We have found every single saving we can, getting down to one audit, one board to support, lessening our facilities and our impact in the community, trying to find ways to find every little bit of saving we can.

We see there's an opportunity for change, and we want to be a part of that change with the government. We had a pre-election promise from Premier McGuinty of \$50 million just as an initial revitalization of our children's mental health network. We still see that as a very crucial piece for us.

We also need to restructure the funds within our children's sector. I'd particularly point out that with the change in the youth justice legislation, many of the youth justice facilities are next to empty and many of them are not providing the types of services they had to provide before. In fact, that work is coming our way to try to deal

with children and youth who are in alternative measures. We do need some restructuring in our children's sector around areas like that.

We also need flexibility in our budgets. We're not able to move money around within our budgets. We're expected to have the same service levels that we've had over the last 10 years. Quite frankly, it's not possible and we're at breaking points. Many of the partner agencies I am representing today are actually at the point of going into major deficits and attempting to figure out how they are going to survive. We are trying to earn our own money through social entrepreneurship, through fundraising, in any way that we can to be able to keep providing these services to the children, but we do need some flexibility to adjust our service targets.

We do want to work together with the government. We think that we can provide direct advice and participate in writing the children's policy on mental health. We are committed to working with the government to build an integrated children's system.

Over the last two weeks I have met with the previous partners, NPCC, to see how we could share technology services. Yesterday I met with the child welfare folks to see how we could share a psychologist. In this particular community of Niagara, we work with 30 of us at one table, trying to find out how we can find all of the savings and working together so that we're not putting our resources out in similar fashion to all of these children. We are working together, and we're committed to continue that. However, we do need to tell you that we need a revitalization of some type.

I'm aware that, with the major deficit, everybody is asking for some funds. We have 500,000 children who need our mental health services in Ontario. Your support is needed now, or we are going to hit a very big social deficit. The point is, that without the investment now, the costs later are going to be much greater.

That is what I have to say to you today. I've tried to be very succinct and to leave you a more detailed presentation that you can read at your leisure. I am representing Lynwood Hall Child and Family Centre; Chedoke Child and Family Centre; Woodview Children's Centre; Charlton Hall Child and Family Centre; Child and Adolescent Services for the city of Hamilton; the Community Adolescent Network; and my two agencies here in Niagara, Niagara Centre for Youth Care and Niagara Child Development Centre, who will be one by April 1. That's my presentation.

The Chair: Thank you. We have about three minutes for each caucus and we'll begin with the government.

Ms Judy Marsales (Hamilton West): First and foremost, I want to compliment all of the caregivers and the organizations that you represent today. I have met with Woodview and I understand the great demands on all of you, as was demonstrated by a mom who came in and said that if she had a child who was unfortunately suffering from an illness we could all understand, such as cancer, the community would be rushing to her assistance. In this instance, with mental health, very often it's

misunderstood as poor parenting. The caregivers have a lot of stress with the demands placed and, as you can see, the escalation in the actual numbers of children who are in need. If there was one area where we could be of most help to you and your association, which would it be? Clearly, there are needs right across the province. Could you identify one singular opportunity in which we could be of assistance?

Ms Langston: I think restructuring the dollars within the system is one of our biggest issues. Certainly redirecting the money from youth justice, restructuring some of the facilities like the Child and Parent Resource Institute that is in London—but unfortunately our parents simply can't get the service from there. There are investments already in the system that can be redirected. At the same time, that infusion of new dollars in terms of at least \$50 million is an absolute crucial piece for us not closing.

I would very much applaud you for your statement about the fact that children with mental health issues are not easily understood. You need to know that at 14 months of age now, we can begin to identify the diagnosis of bipolar. That is an incredibly young age. Through our work in early childhood, we are trying to work with early education in order that children's brains can be rebuilt at a very early stage so that those longer term issues won't occur. But without that infusion of dollars, we're not able to get to all of the children early enough, and that is our biggest problem at the moment.

The Chair: We'll move to the official opposition.

Mr O'Toole: Again, thank you very much for your presentation and for the work you do—many of your board members, of course, being volunteers. It is important that we recognize the vulnerability of children, both in the case of the children's treatment centres and the case that you bring forward here.

As you said, it's a matter, often, of government's disconnect between the service provision in the community base and how that gets sort of animated from the ministry or ministries. Hopefully, the attempt to have a consolidated children's ministry would be an important place to start coordinating services.

I also commend you for bringing forward what may seem to be hard-headed, but I believe necessary: to strip out all administrative costs and duplication, where necessary. That's not to be critical of that need, but the need, really, the actual delivery of service and the interaction between the front line and the client, is really what it's about.

My sister is a speech and language pathologist, very much involved in similar things. There are many overlaps between children's mental health as well as developmental problems, and they get confused and treated wrong. But I believe in individualized funding, to an extent. I know it's a war, then: Who gets what service, who provides it, who is certified, who is validated as a service provider, and all these kinds of clinical, professional silos. There are some real structural things that need to occur. I commend you for looking at the number

of administrative officers you have. I look at the five centres you're representing. The regional coordination is absolutely critical. I don't want any more executive suites with computers and stuff; I want the client getting the service. I don't blame you; I'm commending you. But there's more to be done.

1100

What recommendation, in terms of any additional funding, could you make that would go directly to service provision—not for another coordinator; no, not that, because there's staff over staff over staff. They're frustrated because they're underpaid, they're overworked. How could you help this committee make sure that the money got directly to the client for the provision of service and some caregiver making some determination that, "No, I think they need more of this than that," and the PhD person overrides, "No, we're going down the Fraser Mustard route here; we're going through the nine-point panel check"?

The Chair: Please allow for an answer, Mr O'Toole.

Mr O'Toole: It's helpful—

Ms Langston: I do have an answer for you and I'll be succinct. I did work within the Ontario government for 22 years myself, so I have some good idea of what the system is. In the Niagara-Hamilton-Haldimand-Norfolk-Brant area, over the last few years the Ontario government has developed a contact system as a one-point system. It unfortunately has taken a couple of million dollars out of direct services to clients. We believe we can do that service ourselves in terms of the intake. You already have Telehealth Ontario as a place that someone can call and be directed.

I recognize I am stepping out on a limb here, because I receive funding from these groups in terms of the regional office of the ministry, and at the same time I am very concerned about the type of bureaucracy that we have allowed to develop, when in fact we have to redo a lot of the work to determine whether those children fit in our service, and how and where. There is too much duplication. We as an organization—and my coming here on behalf of eight agencies shows you that we are talking weekly, monthly on a regular basis and we are preparing a proposal right now for the minister, at her request, to actually document some of this area. Across the province, it's done differently. In this particular area there are savings to be had. There is no need to run four more boards on top of all of our boards—four more executive directors, four more administrations. I have a real problem with the way it has been organized.

Mr Prue: I just want to be sure: You have talked of two ways of getting money. One was restructuring and redirection and the second one was an infusion of new dollars. I got that.

In terms of the restructuring and redirection, you gave two examples. One was an organization in London, which your members cannot access, and the other was from some youth offenders programs. Are those groups in agreement with what you're suggesting? I can imagine going out and asking them, and they will not want their

dollars redirected to you. Would that be a pretty safe thing to say?

Ms Langston: In talking to the children's resource centre in London, they acknowledge that they cannot do all things for all people. They are part of the Ontario government. They have been set up through the ministry to be an Ontario government agency. They are not a non-profit agency.

What we think needs to happen in that case is that the resources need to be split through a number of communities in order that we have intensive services for children here. We have about 17% of their catchment area; we had 0.6% of their service over the last three years. We know that our children cannot travel there on the basis of the type of service they're providing, yet we desperately need it. I think the government can choose to dismantle the type of set-up that is there now and place it in different areas so that Hamilton and Niagara could benefit from that.

In terms of the youth justice system, there are also buildings and staff that are working primarily through the government, a system that has been set up and yet changed now as the justice legislation has been changed. The difficulty was that there was no anticipation of closure of buildings and redirection of those resources prior to the legislation coming in. We have a lag time and that has to happen. Whether they would be comfortable or not, I could re-employ a lot of their employees in community work, in working with those children as the youth justice system is set out now. That needs to happen.

I was in the Ontario government when we went through the downsizing, and I was working in Ontario Realty Corp when we shut down leases and buildings. In one fell swoop one lease would be \$10 million. That's the type of issue we're facing in the youth justice system, from our viewpoint, now. In a facility here in the Niagara Peninsula which should hold 34 children, there are nine. You can't keep running that facility at that level when those children are at my doorstep needing service through their parents by court order.

The Chair: Thank you for your presentation this morning. We appreciate it.

NIAGARA FALLS AND AREA DISTRICT LABOUR COUNCIL

The Chair: I now call on the Niagara Falls and Area District Labour Council. Good morning. You have 20 minutes for your presentation. You may allow some time for questions, if you care to. Would you identify yourself for Hansard.

Mr Claude Sonier: My name is Claude Sonier. I represent the Niagara Falls and Area District Labour Council, and I would like to thank you for allowing us to make this submission this morning.

The Niagara Falls and Area District Labour Council represents 2,800 workers from 23 affiliated unions in Niagara Falls and the surrounding communities of Fort Erie. We also provide services for many more workers

who do not have the benefit of representation and work closely with area organizations that promote social justice.

We are here today to participate in what we hope will be a truly open and full debate about the future of public services in Ontario. To date, this debate has been restricted by the government's insistence that it will not raise taxes.

Public services in Ontario are in desperate need of rebuilding. The people of Ontario understand that more cuts should not be tolerated and also that they may have to pay higher taxes that will support public services.

We are not prepared to base our submissions today on the assumption that Ontarians are not prepared to pay for better public services, and we are not prepared to base our submission on the assumption that every dollar more that we succeed in getting for public services in Niagara Falls means a dollar less in other communities.

Revenue generation, deficit and taxes: We believe that the people of this province value public services and are prepared to pay for them. That was the change they chose last October. The people of Ontario voted for an end to tax cuts and for new investments of \$5.9 billion toward services renewal.

If the government persists in its stated goals of eliminating the deficit next year and not raising taxes, it will not be able to deliver on its promises to renew services. It simply does not add up. The previous government reduced our ability to pay for public services by nearly \$14 billion in annual revenue. Recovering as little as 25% of that amount would enable this government to deliver the services promised and balance the budget in the last year of its term. It can be done. The public would support it, and it would put this province on the road toward a more healthy system of public services.

We urge you to consider ideas for revenue recovery that would enable this government to deliver on its promises to renew public services. We are not going to pretend that this will be easy, and you are not going to hear from us that we can rebuild public services by getting someone else to pay. Everyone in this province benefits from high-quality public services, and we believe everyone in this province is prepared to pay their fair share.

The Ontario alternative budget has put forward a plan to raise an additional \$3.5 billion a year: maximizing the revenue we get from our current tax system by closing tax loopholes and tightening tax enforcement, and recovering a portion of the revenue forgone in the past eight years of the Harris-Eves government income tax cuts. The OAB estimates that an increase of only 2% in tax rates across the board would generate an additional \$1.25 billion in personal income taxes and \$200 million in corporate taxes. This would recover approximately 10% of the revenue forgone through tax cuts. Closing loopholes in the corporate income tax and the employer health tax would generate almost \$2 billion more.

Following up on studies by the Provincial Auditor on tax administration, the OAB estimates that revenue from

all taxes could be increased by at least 1% through better administration. If everybody pays a modest amount, if everybody pays their fair share, we can be on the road to recovery.

1110

The whole point of what we have to say today is to get away from the idea promoted by the previous government that taxes are a burden that is imposed on us for no reason. We pay taxes to buy public services. To put it in the more eloquent words of American Justice Oliver Wendell Holmes, "We pay taxes to buy civilization."

The case for increasing Ontario's revenue must be rooted in the need to renew our public services. We are here to talk to you about what that means in Niagara Falls.

In terms of health care it's easy, when you are talking about the billions we spend on health care, to lose track of what it actually means to people. Residents of Fort Erie, for example, who were afforded health care in their own community must now travel to Niagara Falls for basic treatments. Cutbacks have created excessive demands on existing doctors and nurses, and the quality has suffered as more and more patients raise their concerns.

Patients are being sent home early from hospitals to accommodate the sicker, resulting in an increase in home care services for private business. New private long-term facilities continue to look at cost reductions, leaving patients living below acceptable standards. Private care is not working to the benefit of our sick and elderly, and it's time to recognize this fact.

With doctor shortages well documented in Niagara, a process of sharing has resulted between our area hospitals for specialized skills. Family doctors are not taking new patients, leaving many with walk-in clinics as their only alternative for health care.

Under Canada's medicare system, hospitals and their services are paid for from the public purse regardless of their financing and ownership regimes. In our publicly funded system, the real question isn't who pays but rather how much, and there is simply no justification for paying the additional costs associated with the so-called public-private partnership, or P3, model. It has been estimated that such private models can be expected to cost at least 10% more than their public sector equivalents. So in addition to the evidence from other such experiments that suggest that P3 hospitals would include a deterioration of hospital services and diminished accountability, Ontario simply cannot afford a private health care system.

Education: People talk in the abstract about the billions involved province-wide in implementing the recommendations of the Rozanski report on education funding. This is what it means in this community. According to the widely accepted analysis of education funding in Ontario conducted by the Canadian Centre for Policy Alternatives, here is what it means to this community. An example is that the District School Board of Niagara in 2003-04 was \$28.2 million short in funding compared with what was recommended in the Rozanski report. The Niagara Catholic District School Board was \$14.2 million short.

Our class sizes continue to grow with the influx from recent closures. Service inside our schools deteriorates as cost becomes the only factor. Parents are now pressured to relocate their children, as they feel their children are not receiving the quality of education they expect.

So far this year, I have not only sold but purchased chocolate bars, garbage bags, candles and, most recently, Christmas flowers. Not only do we purchase these items to offset shortfalls in supplies such as books; we must also pay for the privilege of allowing our children to participate in recreational activities. We must encourage their growth, not hinder the process by applying levies.

We all know that a few years ago when children were selling their goods it was for a specific purpose of maybe a school trip at the end of the year. Now we're finding that it's to supply books, paper and school supplies—totally unfair.

Social services: In 1995, we had a thriving program that was building thousands of new, affordable housing units every year. Since then, there literally has not been a single affordable housing unit built in the entire province. In 1995, the province cut social assistance benefits by 22% and froze them. Think about that. How would you be able to survive if someone cut your income by 22% and then froze it for eight years? We have fewer child care spaces in Ontario today than we had in 1995. What that means in Niagara Falls is that our food bank is busier than ever. We have homeless people living in abandoned factories, such as Kimberly-Clark, and other places within our community that have turned into shelters for the homeless.

Working people are struggling to cope with the stress of trying to survive with multiple jobs and little or no support in the form of child care. Children are either at home without parents or on the streets. Organizations such as Lighthouse Niagara have become a necessity to provide sustenance to our children, and without adequate funding even these programs fail. Sad to say, Lighthouse Niagara has failed because of the lack of funding.

Time and time again, the previous government refused to respond to pressure for better public services, instead dumping responsibility on to our local governments. The result is that local public services are suffering everywhere in Ontario. There is more to do and less money to do it with. Everyone sees that every day, because local public services are the most immediate and most visible public services we have. As an example, services once provided in Niagara Falls are now only available in St Catharines. With no public transit system between municipalities, more and more people are finding it more difficult to access the services they require.

There has to be a new deal for local governments, especially for our larger cities. Today our big cities are the engines of our economic growth and we ignore them. If we do that, we allow them to decline at our own peril. The role of government needs to change.

Finally, we would like to talk about the need to renew Ontario's ability to regulate in the public interest. New governments often want to change or reinvent the way

things are done. This is understandable, but deregulation and privatization are not the kind of change the people of Ontario voted for in October. We don't want or need high-profile events like Walkerton, the epidemic of deaths among young workers, the crisis of quality in long-term care, the increasing encroachment of for-profit hospitals in our health care system, the weakness in our health protection system as exposed by the SARS outbreak, the growing number of smog alert days in the summer, the closure of public beaches and the serious problems in our education system. Every one of these headline stories stands as a symbol for countless other stories of failure to regulate or to protect the public interest. The previous government turned this province into a happy hunting ground for those who seek to enrich themselves for private interests at the expense of the public interest. It has to stop.

It is our view that the people of Ontario don't want to sell off public services to enrich private interests. We do not agree with selling Hydro, selling the LCBO, delisting services such as hearing aids, destroying the universality of our seniors' benefits, selling TVOntario or attacking public sector workers under the guise of reinventing government.

In conclusion, the damage caused by Ontario's anti-government since 1995 is not going to go away overnight. It took the Harris-Eves era eight long years to bring public services in this province to their current state. But we feel strongly that the current government must follow through on the first steps toward the services renewal that it promised in its election platform. That will only be possible if the government shows some courage and demonstrates good faith in the goodwill and good sense of the people of this province.

We know that Ontario's public services need substantial new investment, and we know that the province's fiscal position is weak, undermined by years of ill-advised tax cuts that we could not afford. We know that this government cannot deliver on the public services renewal we so badly need without increasing revenue. Indeed, Ontario faces a revenue problem, not a spending problem. Let's not let the commitment to the right-wing Canadian Taxpayers Federation take precedence over the promises to the people of Ontario.

We are prepared to do our part. The stakes couldn't be higher because, if the Liberal government persists in its pledge not to increase taxes, it will be making public services renewal impossible, and at the end of this term its only accomplishment will be to have cleaned up the fiscal mess created by the Tories, just in time for the Tories to be re-elected to start the process all over again.

We need a real debate about Ontario's future, a debate that puts everything on the table. It is time to start hoping again, and it's time to reinvest in Ontario. Thank you.

The Chair: We have about two minutes for each caucus, and we'll begin with the opposition.

Mr O'Toole: Thank you very much for your presentation this morning. It obviously puts the ball squarely in the current government's court.

I'm just going to take one part, and there'll be a question at the end of it, believe it or not. You say in conclusion on the last page of your report, "The damage caused by Ontario's anti-government since 1995"—actually, I think what you should do is check history. I'm giving you a little assignment here, I'd say around 1994 the social contract—in fact, it started in 1993. It was called the municipal restructuring plan. Most of the members here who pay attention to this might know. I think Mr Prue would know.

Mr Colle: Don't lecture us.

Mr O'Toole: I'm really trying to make an important point. Since then, all governments—and I'll put to you a question at the end of this. The social contract started to say, "There isn't enough money to pay for all these things," basically. It was prior to that that there was another attempt. Clearly, the balance between proper tax policy and the cost of services is an ongoing pressure. How many of the promises made by the Liberals do you actually believe they will keep? That's my question to you.

1120

Mr Sonier: Is that your question? I don't know. It seems right now, not too many. If they are going to keep one promise, we would suggest—

Mr O'Toole: The P3 one.

Mr Sonier: No. I'm sorry; let me rephrase that. If they're going to break one promise, we suggest that they break the promise made to the Canadian Taxpayers Federation. That's the one we suggest they break.

Mr O'Toole: Raise taxes.

Mr Sonier: Absolutely. You bring up that point about taxes. People of Ontario understand that if taxes are increased for the purposes of bringing social services back to what they used to be—I think Ontarians would agree that would be the way to go.

The Chair: We'll move to the NDP and Mr Prue.

Mr Prue: I would have to agree with you. If you're going to break 230 promises or one promise, it's better to break the one.

Mr Sonier: Absolutely.

Mr Prue: You have made a statement on the last page, and I'd just like to go into this. I know there has been some musing by the current Premier and by some of the members of the cabinet about such things as selling off Hydro, selling the LCBO, delisting services, destroying the universality of seniors' benefits, selling TVOntario and/or restructuring government in a way that may see the layoffs of thousands of civil servants. In your view, of course, this is wrong. But if they are not going to break their promise to the Canadian Taxpayers Federation, what other choice do they have?

Mr Sonier: That would be the only choice I have. The Liberals were elected because they were different from the previous government.

Mr Prue: Well, they campaigned differently.

Mr Sonier: Supposedly. What we're hoping for is to see a commitment to the promises that were made. People didn't vote to sell off our crown corporations. We

understand that because of the fiscal restraints—like I said, it's not a spending issue; it's a revenue issue. The only way to solve that problem is to increase revenue. We say that the one promise that should be broken is the one with the Canadian Taxpayers Federation. That would alleviate a lot of the problems.

Mr Colle: I'd just let you know that we appreciate your advice about the Canadian Taxpayers Federation. That's why we're having these hearings: to listen to you and not to lecture you, to let you know that we've done something unprecedented already, that there's a process of talking and listening to every public service in this province that's been underway. You probably know of this. We want to talk to every public service and dialogue. We've had over 3,000 suggestions from them so far. People in the front lines are saying, "Here's how to deliver that public service to the people who need it."

Therefore, we ask you to continue giving us those suggestions of what not to do and what to do. The more we get, the easier it will be for us to make these difficult decisions. So I thank you. Please keep pushing us to do the right thing.

Mr Sonier: Thank you very much.

NIAGARA HEALTH CARE COALITION

The Chair: I would call on the Niagara Health Care Coalition. Good morning. You have 20 minutes for your presentation. You might allow for questions, if you so desire. Please state your names for Hansard.

Mr Malcolm Allen: Malcolm Allen.

Ms Suzanne Hotte: Sue Hotte.

Mr Allen: We appreciate the opportunity to speak with you this morning. We'd like to go through our brief with you.

The Niagara Health Care Coalition is a member of the Ontario Health Coalition, a network of more than 400 organizations representing hundreds of thousands of individuals in all areas of Ontario. Our members include the Council of Canadians, the council of women, seniors' groups including the Retired Teachers of Ontario, ARM, CAW retirees, nurses, health care workers, 36 union locals and concerned citizens in Niagara-on-the-Lake, St Catharines, Thorold, Lincoln and Grimsby, which we represent. We are a non-partisan group committed to maintaining and enhancing our publicly funded, publicly administered health care system. We work to honour and strengthen the principles of the Canada Health Act.

In October, as you are well aware, Ontarians voted for a fundamental change in direction promised by the Liberal Party during that election. Over the last two months, many of our members have contacted us in shock and dismay over a series of government announcements. They are very concerned about what appears to be a shift in the newly elected government's priorities from reinvesting in Ontario's public and social programs to the privatization of certain hospitals, the selling of government assets, and user fees. Ontario's public health care system has been severely battered in the past eight years

because of the previous government. First it was tax cuts, and in so doing, decreased funding for health and social programs. We are hearing almost daily that the inherited deficit has to be remedied before anything can be done to improve health care or education. This goes against Ontario voters' highest priority of reinvesting in health care and reinvesting in education.

The last eight years in Ontario—and 15 years in Britain, if we use them as an example—have shown us that privatization and restricting services do not save money. In fact, these two actions threaten the future of the health system. From our experience, it is clear that delisting and attacks on the principle of the universality of medicare are a false economy. Because of the Conservative government's funding policies, Ontarians now have the highest out-of-pocket expenses for health care of any province in this country; an average of \$1,072 is paid by each person in this province on an annual basis. For many of the working poor who live in this region, and indeed who live in this province, this more than wipes out what they received in the "tax cuts" by the previous government. For middle-income families, it diminishes significantly any of the tax decrease they saw.

Privatization has increased our health care costs and fostered a system that is less accountable and less responsive. Companies, quite frankly, are in the business of making a profit, and that's as it should be. But this means that if they are to provide us health care services, they have to build it in, which indeed makes that particular service more costly than if it was simply publicly funded. The public-private partnerships being considered for our hospitals, including the one, I may add, close to us in West Lincoln, which is up in Beamsville, will cost more to build, more to operate and more to maintain. They will simply hide the debt off the government's books, which unfortunately means that the most efficient use of society's resources, the thoughtful investment in necessary public infrastructure and restoration of public non-profit delivery of services, will be wasted.

Since 1995-96, Ontario's drug costs have increased by a whopping 130%. Wouldn't any business love to have increased its profit by 130%? Pharmaceutical companies since that time have actually topped the Fortune 500 list in profits. What we are looking for the province to do is to be an advocate to control those particular drug pricings.

As an aside I would add, from a business perspective, from an employer who provides health care as a negotiated item, that to delist services, to allow them to be privatized, will actually add a burden of cost across the province in an unequal way in the sense that unions and employees who negotiate contracts on their own will now have to actually go and negotiate some sort of coverage beyond, if you continue to erode the coverage that we benefit from through the public system. In other words, corporations will pass on the costs or you won't get the service. If the public service is enhanced, then it's the public who takes the shared cost and responsibility, allowing business to be competitive. As we know, in a

global marketplace, if you wish business to be profitable and you wish to have a climate of reinvestment, then that gives them a leg up.

I use General Motors as an example in the United States. I do that simply because I happen to work for them. General Motors in the United States has said that the highest proportion of costs in a car is retiree drug benefits for American retirees out of the UAW. Think of that for a moment, if you will: If we didn't have some sort of public system here and you simply privatized the whole lot and said, "Go ahead and do the American model," the costs will simply be passed on to a consumer, or the company will simply say the costs are too high and will relocate the business. So there are things that public services provide other than just simply the service to those who actually use it.

1130

Hospital restructuring did not yield expected savings under the Conservative government and will not yield savings if your government follows the same path. After the deep cuts of the mid-1990s, funding in the health system was restored—and we appreciate that restoration, by the way. The unfortunate part was, most of it went to hospital administration, hospital management and to private health corporations rather than the front-line health care services and to improve patient care. We should have, in the Niagara region, 698 mental health beds; we have 105. We have no mental health beds for children.

It is our belief that the goal of a public medicare system is to create the best health and health care possible for all residents. The reform and revitalization of medicare cannot be based on short-term financial planning and secret dealings with powerful private care industries. Ontarians do not see health care as a commodity. We see it as an essential social program, an integral part of our social infrastructure. Medicare must not be merely a public insurance scheme covering parts of a largely private industry. It will not be sustainable if it's defined this way.

The future sustainability of medicare will depend on stable and adequate funding. It will depend on governments limiting profit-taking and on the efficient utilization of resources. A greater percentage of health spending must be directed to patient care rather than advertising, profit and excessive administrative costs. Medicare's future depends on restoring public confidence through building democratic decision-making, improved transparency, accountability and public access to information. It depends on rebuilding and extending the application of the principles of universality, comprehensiveness, accessibility and public administration. It depends on modernization through progressive reform and the extension of the principles of the Canada Health Act. It also depends on control and coverage of drug and treatment costs. It depends on stable coverage of preventive services, including homemaking, physiotherapy and other therapies, and access to timely treatment. It depends on a serious commitment to combat the social causes of ill

health: poverty, lack of safe and healthy housing, barriers to access to public services and education, and unhealthy environments and workplaces.

Ms Hotte: Let's look at delisting and how it is a false economy. In the last decade, cuts and increases in pharmaceutical prices have increased the out-of-pocket burden Ontarians carry for health costs. According to the Canadian Institute for Health Information, Ontarians now pay \$1,072 per person per year in out-of-pocket costs, up from \$860 in 1995. OHIP delisting, high pharmaceutical costs, shortened hospital stays, poor funding of rehabilitation therapies and inadequate home and long-term care have contributed to an escalating burden of out-of-pocket health care costs for all of us. Forty-five procedures amounting to approximately \$100 million in services have been delisted from OHIP in the last eight years.

With the passage of Ontario's Bill 26 in 1996, seniors and those on fixed incomes began to pay user fees for their drugs. The same legislation forces those waiting in hospitals for beds in long-term-care facilities to pay more than \$40 per day for their hospital beds. Inadequate funding and cuts to home care budgets have caused thousands of Ontarians to lose homemaking and home care services if they cannot afford to pay for them. Almost three million Ontarians have inadequate drug coverage, according to a recent report commissioned by Health Canada. The proposed delisting of substance abuse programs and hearing aids and the proposed dismantling of universal drug coverage for seniors must be abandoned and a renewed commitment to universal, publicly funded services must be made.

Privatization and P3s: The global evidence is that the most privatized health systems are the most costly. Certainly, we can look at the results of the massive privatization in the United States over the last 10 to 15 years to see the impact. In 1971, when the last province signed on to medicare in Canada, both Canada and the US spent about 7% of GDP on health care. Since then, US costs have grown faster, now accounting for almost 15% of GDP compared to our 10%. This year, US health costs shot up by 9%, the largest increase in 11 years. Americans now pay US\$5,440 per person for health care, more than double our per-person cost. Even though more than 43 million Americans have no health coverage whatsoever, the US devotes more resources to health care than any other industrialized country—this is according to the Organisation for Economic Co-operation and Development. As in Canada, the multinational pharmaceutical industry is one of the main cost drivers in the system, accounting for about one sixth of the increase in health spending over the last year.

A growing portion of Ontario's health services is controlled by private, profit-seeking corporations. Many of these companies are operating in the US. In Ontario, the evidence is that an increase in private delivery amounts to an increase in cost and a diversion of resources away from patient care. In home care, the introduction of so-called managed competition in 1997 attracted a flood of for-profit provider companies into our province.

Laboratory privatization has not reduced costs, but has diminished service levels and had negative consequences for the remaining public providers. Privatization of cancer care and the emergency triage system have been accomplished only at a greater cost than public provision, with unproven results. Drug costs have the dubious distinction of being the greatest growing provincial budget item. The net effects of privatization have been higher per-unit costs, erosion of service levels, erosion of working standards, money redirected from care to profit, higher out-of-pocket costs, and inefficiencies.

Let's have a look at P3 hospitals. The evidence that so-called public-private partnership, or P3, hospitals cost more is overwhelming. Following the same model as the privatization in Britain, Ontario's P3 hospitals have already shown cost increases from initial projections. In Brampton, capital costs alone have increased from a projected \$300 million to over \$350 million. In Ottawa, costs are up from an original cap at \$100 million to over \$125 million.

In Australia, where they also have P3s, they found in New South Wales that their P3 hospital could have been built two times over in the public sector for what they will eventually pay in the private sector. The Enron-style accounting for these schemes has been similarly criticized by auditors general in the UK, Scotland, New Brunswick, PEI and Nova Scotia. They all note that the public gets stuck with higher costs and the majority of the risk.

What is clear is that in the P3 model we will pay more to simply hide debt from the public and we will lose vital control over our hospitals and health system as a result. It is imperative that the government stop these P3 deals and revert to public finance and control over our hospitals.

Home care: Privatized delivery of home care through the competitive bidding model adopted by Ontario is redirecting precious health care dollars out of patient care and into ballooning administration. Six years after its inception, the home care system is rife with duplication, inability to staff efficiently, excess administration and profit-taking.

Expenses incurred by tendering requests for proposals, preparing bids, evaluating proposals and monitoring companies are all components of an unnecessary administrative cost burden. Each of Ontario's 43 community care access centres often has more than 10 provider agencies involved in the delivery of care, and each one of these agencies and the community care access centres have administrations: CEOs, financial officers, human resource departments and front-line managers. Far from streamlining the process of community care governance, this model drives up administrative requirements and escalates costs.

1140

Tinkering with the competitive bidding model adopted by the province will not be enough to solve the core problems in home care. The competitive bidding system has led to an increase in for-profit companies involved in the delivery of care. It has been estimated that \$42

million per year of public money is currently paid out in profit to owners and shareholders of these companies.

The contracting out of the therapy services by the Ottawa care centre provides a graphic example of this system creating extra costs. It documented that they paid over \$500,000 per year to provide exactly the same service that would have been provided had they been allowed to keep the therapists as direct employees.

The inherent redundancies and extra costs involved in the privatization of home care delivery is not a wise use of our public health care dollars, nor does it result in people receiving adequate home care when they need it. Managed competition has created instability in the industry, redirected health funds to profit and administration, contributed to severe staffing shortages and caused a decline in patient care.

In the year 2000, the Niagara Health System reported in its direct service plan that the cut to the number of people for home care has led to an increase in hospital administration, hospital waits and longer time for placement. It increased the financial, physical and emotional burdens on caregivers. In 2001, it reported more home care cuts and a funding shortfall of \$9.4 million. The caseload was cut by 1,400 people.

Niagara has a higher proportion of seniors living alone. The funding cuts force the most frail and elderly to stay in the hospitals. The province should move immediately to restore public, non-profit home care and allow the community centres to hire staff directly to eliminate the duplication and profit-taking.

The Chair: I would remind you that you have about two minutes left in your presentation.

Mr Allen: I'll allow you to actually go through the piece on labs. Again, it's an issue of looking at how Ontario's system of laboratories was moved from public facilities, primarily in hospitals, to private companies that now perform those.

One thing to note is most of the private companies perform the easy, cheap diagnostic testing. The more expensive and complicated testing is left to the public purse. Consequently, you have labs bleeding money, if you will, out of the public purse for profit to do small, regular, easy tests that quite easily could be done, in some cases, in the doctor's office or the way they were done before.

As far as long-term care is concerned, we're looking at, again, a model that is public, not private. Clearly, when you give public dollars to a private institution, one may say that the drive is that they can be more efficient. The end result is, it doesn't matter to us how efficient they can be. If they take money in profit, it's money that could be turned back into service delivery. So for us it's an issue of, yes, look for efficiencies. I think every organization does that, no matter who they are and what service they provide. But clearly, when private corporations take out money that could be service-delivered and put it in the pockets of those shareholders or, indeed, private companies, if that's what they are, who are private health companies, all we've done is take money

from the public and redirected it as a wealth transfer to other folks where it should be kept with those who are most in need of that particular service.

One of the issues we have around restructuring in the front line is that of folks who no longer work full-time but seem to work full-time, if you will. If you've had the situation where you've had to be hospitalized because of illness, or a loved one has, you'll notice that quite often, you don't see the same face. It has nothing to do with shift change; it has everything to do with that person not working full-time any more. What you have now is the lovely colloquialism of FTEs, known as full-time equivalencies in the trade. So what you may have is four nurses, equalling one full-time equivalency, dealing with one real illness. Not to belabour it and point fingers, but clearly the most recent crisis in this province with SARS in Toronto highlights the real danger of full-time equivalencies that aren't real full-time jobs, where you have nurses who are looking to work full-time and who are working in five, six or seven different facilities to try to generate a full-time job. If they are doing that, when you have a disease of the magnitude of a SARS transmission, they're moving, and one of things you need to do is contain it. But you have front-line health care providers who, because of the economics of the time and the fact that they're not full-time in one particular hospital, have to move, and they take those things with them, unfortunately, unbeknownst to them. So we really are looking at a situation where things need to be looked at with a more critical eye, especially when it comes to public dollars.

Let me just conclude by saying Ontario's health system has been substantially weakened through a decade of privatization and restructuring. It cannot sustain more of the same. It is because of the decline of medicare over the last decade, in part, that Ontarians voted for change. We expect the government to fulfill its promises to stop profit-taking and privatization in health care, to rebuild access to care and to promote population health. The evidence is clear. A refusal to reinvest in health care through a progressive tax system is a false economy. Privatization will simply increase costs and hide debt. We will pay, and pay more, if this policy direction is not stopped. This government has both the mandate and an obligation to Ontarians to institute a fair taxation system to reinvest in medicare.

The situation, my friends, is critical. The future sustainability of our health care system relies on you and your recommendations.

We thank you for your indulgence today and for the opportunity to speak to you.

The Chair: Thank you for your presentation.

NIAGARA SOCIAL ASSISTANCE REFORM COMMITTEE NETWORK

The Chair: I would call upon the Niagara Social Assistance Reform Committee Network. You have 20 minutes for your presentation. You may leave time for

questions if you so desire, and would you introduce yourselves for Hansard.

Ms Gracia Janes: My name is Gracia Janes, and I chair the SARC Network.

Ms Mariea McNelis: My name is Mariea McNelis.

Ms Barbara De Ruiter: My name is Barbara De Ruiter.

Ms Janes: In the interests of time, I'm going to be paraphrasing the brief. You'll notice in the back, on page 7, there are some stats about Niagara and the situation here.

I would like to thank you for this opportunity to speak on behalf of those people whose voice is not heard often and who, even if they did have a chance to speak, might be too busy struggling just to survive; that is, the poor, the working poor, and the children.

The Niagara Social Assistance Reform Committee Network is comprised of 16 front-line agencies, organizations and churches across Niagara. We were formed in 1988 to monitor and support the progressive social welfare reforms of Judge George Thomson's Social Assistance Review Committee, introduced by the Liberal government of David Peterson, continued by the NDP government in the early 1990s and then abruptly halted by the Conservative government in the spring of 1995.

The sad state of affairs that Ontario finds itself in today is definitely not part of the "just society" envisioned by the Liberals in 1988. As stated in the commission's Transitions document, "All people in Ontario are entitled to an equal assurance of life opportunities in a society that is based on fairness, shared responsibility, and personal dignity for all. The objective for social assistance, therefore, must be to ensure that individuals are able to make the transition from dependence to autonomy and from exclusion on the margins of society to integration within the mainstream of community life."

The commission recognized that substantive investments would have to be made to bring this about, but that the economic benefits to the province would make the investment worthwhile over the long term, particularly through increased employment as well as a better-educated, healthier public and monies flowing directly into communities for food and housing.

1150

Unfortunately, over the past eight years, hundreds of thousands of Ontarians, over 40% of whom are children, have been left out of this equation and must deal with and suffer from low wages; welfare cuts of 21.6%; the claw-back of the child tax benefit supplements from those receiving social assistance; a dearth of investment in new housing, community support services and agencies or in child care and other employment support programs; and particularly from the harsh nature of government policies. All have added substantively to a growing social deficit.

The need for investments in our social infrastructure and people is clear. It is unfortunate that the province faces a deficit-debt crisis while simultaneously having to deal with the fallout of a social welfare crisis not of its own making or intent.

Regardless, the Liberal government has, among other things, promised to bring dignity back to the lives of the poorest Ontarians, as witnessed by the recent repeal of the lifetime ban on people who are convicted of fraud; recognized that with a 21.6% cut to welfare rates and inflation over eight years, there is a need to increase welfare and ODSP rates; pledged to grandfather the national child tax benefit supplement clawback and give it back to the people who deserve it—the poorest; and committed to act on the housing and homelessness crisis in this province through a series of measures such as a comprehensive affordable housing plan in full partnership with the federal government.

They have already increased the minimum wage, effective February 1, to \$7.15 an hour and to \$8 over four years. They are promising child care and early years support, and they've recognized the need for fair labour conditions, as evidenced by the promise to do away with the 60-hour work week legislation, which has had a tremendously negative impact on the working poor, particularly women and new Canadians, and we believe has hindered job creation.

The Niagara SARC Network cannot speak too strongly in favour of investments in social welfare. A continued lack of investment will inevitably lead to far greater future costs and a substantive deterioration of the quality of life and economic outlook in cities and towns across the province.

We feel these investments should include:

- Adequate welfare and ODSP rates that allow people to pay the rent and feed the kids.

- An immediate uptake and investment in the housing program—couldn't be faster. In Niagara, there are 8,000 people waiting on the lists for affordable housing, and they've been waiting a while.

- Significant child care investments, because child care is a key to gaining and retaining a job.

- An increase in the minimum wage to a living wage. It has been estimated that a full-time worker, working a 35-hour week, needs to earn \$10 an hour to be just above the poverty line. Many jobs in Niagara are in the tourism sector, some are seasonal, and the high recidivism rate of over 40% returning to social assistance may well reflect an inability to make a go of it at minimum wage and without medical benefits;

- An end to the clawback of the national child benefit supplement, as promised. It is very, very important.

- Allowance for retention of earned income for those in receipt of social assistance until the person is truly able to be independent. This was one of the broken promises of the last government, which said the ability to earn income would make up for the 21.6% cut, and yet proceeded to claw back earned income, dollar for dollar, after the three years.

- Investments in rural communities: public transit between communities, child care, increased car value allowed for people receiving social assistance, social housing and centres for abused women.

- Joint provision of educational and living supports funds from OSAP and social assistance benefits. This would be an obvious outcome of the Kimberly Rogers inquest.

- Allowance for and method for people to save money for the future education of their children and to provide a cushion in times of crisis. These latter two investments would cost very little and yet provide a way for people to educate themselves and provide post-secondary education for their children, as well as get and keep jobs.

- An investment in people with disabilities. Too many people with disabilities live below the poverty line, and many are denied accessibility upon application and then later cut off upon review. The system needs a complete overhaul to make it fair and to ensure human rights. The complicated and frustrating application process should be scrapped. This could save ongoing costs related to ODSP and social assistance systems; for example, Andersen Consulting's—now, I think, Accenture's—expensive attempts to make their extraordinarily expensive and severely flawed system workable. There should also be increased investment in assistive devices, often prohibitive to those receiving ODSP, to help them get jobs and live more independently.

- Increased funding for mental health and addiction programs, which have experienced a net decrease in funding since 1992 for core programs, resulting in longer waits for addiction and mental health services. As well, more funding is needed for supportive housing. Community support enables people with mental health problems to hold on to their housing and thus prevents homelessness.

- Substantive investments in public transit, which not only allows people to get and keep jobs but to achieve independence and mobility through access to appointments, social events, family, friends and community services.

To back up our call for these investments, here is a social welfare snapshot of Niagara, using stories from our April 1 Social Audit of Niagara by the Interfaith Social Assistance Reform Committee and some other anecdotal data.

Ms McNelis: Increased hydro and fuel costs are hitting the working poor and those on social assistance very hard. For example, Community Resource and Action Centre in Welland reported that in the week of January 12 to 16, a working poor family had to make back payments of \$100 per month from a meagre salary to pay a catch-up bill from last year, and at our April social audit day, a mother told of turning the heat off for several months in order to keep ahead of the bills.

There are many rural communities in Niagara. They are definitely underserved and feel neglected. A report from West Niagara—Lincoln, West Lincoln, rural Grimsby, Pelham—says:

“We have unfulfilled needs: for social housing, there is some housing for seniors, but none for single women with families or adults with disabilities.... For child care,

there is not one licensed child care facility in West Niagara. Thus families must seek unregulated care and are often not eligible for government assistance. For affordable transportation, there is no regular, reliable public transit. If a person becomes unemployed, for example, she or he cannot access jobs outside the local community without car ownership. Many people without cars cannot travel to nearby cities for medical appointments without the generosity of neighbours."

At the social audit, two women with diabetes told of their difficulties in feeding and housing themselves on \$930 and \$520 per month, one living in supportive housing and the latter in a \$420-a-month hotel room, using a hot plate and a small fridge.

A front-line agency worker has many times observed families with young children living in cramped, unsafe, yet still unaffordable, quarters and forced to move into still worse conditions that a parent in receipt of social assistance might be able to afford.

A young woman telling her story at the audit noted that she has serious mental health problems, yet people could not see her disability and so were sure she could work.

A rapporteur at the audit observed that: "Poor people are often stigmatized; potential employers often judge on the basis of appearance, including clothing; in many cases, the individual has sacrificed expenditures on clothing and accessories" in order to feed their children.

"Community agencies report an increase in the numbers of children eating in soup kitchens.

"Lack of access to preventative dental care results in declining health, reduced confidence, reduced likelihood of finding employment. Employers do not hire applicants with missing front teeth.

"Because of lack of money, children from poor families are often denied, or self-deny, opportunities to participate.

"Volunteer services are increasingly a vital resource for survival-level support and there is accelerating burn-out."

Ms De Ruiter: Finally, as you consider the provincial budget priorities, consider these questions:

How much income per month would you need as a single employable to rent, eat and find a job? Compare this with the meagre sum allowed.

How is the income from social assistance and ODSP spent, and who benefits from it?

How much is the province forgoing in taxable income—economic potential—when people are jobless or working at less than poverty wages?

How can a child learn properly or be part of the community if he or she (a) goes to school hungry, (b) has witnessed his or her family being evicted, perhaps more than once, (c) is constantly tired due to cramped sleeping quarters, (d) knows and is ashamed that he or she can't invite friends home due to home conditions, (e) is not able to afford a class trip or (f) is teased for being poor?

How long can underfunded and volunteer community services keep going, given the growing human needs?

Could you find or keep a job if you didn't have a phone, had to rely on a car worth only \$5,000, which is allowed on Ontario Works, had a front tooth missing, lacked public transit or had no child care?

Shouldn't the province invest in its future now to ameliorate immediate, and avoid long-term, costs of poverty—for example, physical and mental ill health, poor education, joblessness, reduced community investments on food, housing and taxes? Why wait?

1200

The Chair: We have time for one question, and in this case it will go to the government.

Mr Colle: Again, the presentation is stark. On the other hand, it's a reminder of the enormous deficit there is in human need and social need. We certainly don't underestimate the need to make people who are willing and able help themselves in any way we can, and we appreciate any suggestions you have. You've got a lot here.

As you know, we moved on the minimum wage. We're trying. We're going to be moving on a number of different areas. We've followed on the Kimberly Rogers inquest, where we're lifting the lifetime ban on welfare recipients. There's so much more to do. I just ask that you continue to give us direction on what is more imminent and what needs attention right away.

Given the horrendous state this province is in, left by the previous government, we don't underestimate what has to be done, but we are determined to get input from you on how best to do it, considering the reality. So please keep on asking us and pushing us in the right direction. We need a bit of direction, because there are going to be some tough decisions made, especially in this first year, as we cope with the disaster financially. We don't underestimate that, and we don't use it as an excuse. We're just telling you, please work with us in trying to overcome that as best we can.

Ms Jones: I'll take that as a question. I really feel that if you were going to do anything, there are two most significant things. One is the welfare rate. No one, even people making a decent amount of money—how can these people subsist, having a 21.6% reduction in income? We know that is the reason people are going to food banks, why they're going hungry, why children are going to food banks, why people are sleeping on the streets in some cases. It's horrendous. It's just not civil. That is the thing you have to do. You have to have adequacy.

The other thing you should consider is that actually housing is the biggest component in anybody's budget. For people to have affordable housing is very, very important. We haven't built anything in over eight years. In fact, when the federal government started cutting back and targeting in 1984, it has sort of been downhill all the way. Now they're back into it big time, and you should take advantage of it. It shouldn't be left on the backs of the small communities. Even the region of Niagara is having difficulty.

We have 8,000 people on the waiting list. They can wait anywhere up to four years, if not longer, and they

are only asking for 150 units in Niagara, because they know the reality, or they're afraid of the reality, because their municipality can't afford that chunk. The previous government was only going to put in about 10%. So there needs to be that housing dealt with, for sure.

Just consider it as a long-term investment. It's like having a house and having a mortgage on the future. It's just a mortgage on your future, but as the commission said way back in 1988, it's going to be paid back with people having jobs and paying taxes, and a better future for our children.

The Chair: Thank you for your presentation. A point of order, Mr O'Toole?

Mr O'Toole: Yes. It would be appropriate if I asked the researcher, Mr Johnston, if he could put a price beside each of the recommendations you've made. In a general sense, all the presenters have requests and make very sound arguments for those requests, I might say. Could we have an ongoing total on each of the presenters of what the actual request is for? Is that possible?

Ms Janes: Could I have a point of order as well, to add something to that? Maybe somebody else could—the costs.

The Chair: I'm sorry, but this is for the committee to determine.

Mr O'Toole, I'm told that research could list the requests put to the committee and, if there is a figure in the presentation, put that figure there.

Ms De Ruiter: We also have to look at the cost of not doing it.

Mr Barrett: Just to clarify, Mr Chair, and not to embarrass the government, these people are not happy with a 30%-an-hour increase in the minimum wage; they're asking for a \$10 minimum wage.

Interjections.

The Chair: Order. I have stated that the researcher—

Mr Barrett: Are you going to increase it to \$10 an hour? That's what they're asking for.

The Chair: Order.

Mr O'Toole: Actually, my point is not to confront the presenter. I was the parliamentary assistant to finance and did this for three years. For each presenter we were able to quantify—

Mr Colle: Is this a point of order?

Mr O'Toole: All I'm asking for is what we have done for the years past. It's not an embarrassment. It's not to trouble the presenters. It's a valuable piece of information for you to assess all of the presenters in some substance as we conclude in our report, because at the end there is a report that summarizes what the committee hopefully will unanimously endorse.

The Chair: I have stated, Mr O'Toole, that the researcher could list those requests by presenters and their costing of those items. That will be done.

Mr O'Toole: Thank you very much, Chair. I appreciate it.

The Chair: I remind members that you should get your belongings out of your rooms. You can bring them to this room; I think it will be secured. Lunch will be right beside the pool, which I believe is at this far end.

Mr Colle: Poolside lunch?

The Chair: Poolside lunch.

We are recessed until 1.

The committee recessed from 1205 to 1303.

GREATER NIAGARA GENERAL HOSPITAL IMAGING DEPARTMENT

The Chair: The standing committee on finance and economic affairs will come to order once again this afternoon. I assume I am looking across the table at the Greater Niagara General Hospital imaging department, correct? You can use 20 minutes for your presentation or allow some of that time for questions. If you would, state your names for Hansard.

Dr Tom Li: My name is Dr Tom Li. I'm accompanied by Ray Foley, who is part of the Ontario Association of Radiologists. I am a radiologist and chief of diagnostic imaging at the Greater Niagara General Hospital, part of the Niagara Health System.

In my presentation today I am going to focus on several specific challenges facing the delivery of radiology services within the Niagara Health System and throughout the province. I would like to emphasize that the issues I am going to bring forward today about my own practice are reflective of the practice of radiology in Ontario and, more importantly, have led to inadequate patient access, an outdated equipment crisis and a shortage of radiologists throughout this province. These challenges are being faced in both urban and rural communities and have led to long waiting lists for radiology services.

The three key issues that I'll address are: (1) outdated radiology equipment and the need for immediate capital funding to replace it, (2) adequate operating funding to ensure this equipment is used most effectively, and (3) recruitment and retention of qualified radiologists to serve patients.

To begin with, I would like to provide a brief overview to explain what radiology is. Radiology is a medical specialty that uses sophisticated imaging equipment to view the inside of the human body. It is commonly referred to as diagnostic or medical imaging. The diagnosis of disease is the first step toward the treatment of disease. Radiology is an important component of that first step.

Radiology is a rapidly evolving field that is heavily dependent upon technological advances. The early diagnosis of disease ultimately results in reduced health care costs, fewer hospital admissions and better patient outcomes.

Medical imaging equipment is the key tool used by radiologists and includes common equipment such as X-ray, ultrasound, fluoroscopy, mammography and also more sophisticated technologies such as CT scanners, MRI scanners and nuclear medicine cameras.

I would also like to point out that patients can only be referred to a radiologist by another physician. The radiologist is a doctor's consultant, as radiologists provide

diagnoses to assist family doctors or medical specialists in developing strategies to treat patients. Only radiologists are specifically trained and qualified to interpret the diagnostic images.

Radiology services are delivered in hospitals or in licensed and highly regulated independent health facilities commonly referred to as community imaging clinics or radiology clinics. These clinics are funded by OHIP in the same manner as hospitals. About 50% of radiology examinations are provided every year in clinics, and most clinics are owned by radiologists working in a nearby hospital and provide radiology services in an integrated manner with that hospital.

Clinics play an important role in communities by ensuring that outpatients can receive care closer to home in an effective community setting. A key example of the importance of clinics was apparent during the SARS outbreak. All Ontario patients exhibiting SARS symptoms were referred for radiology services, and in fact one of the first cases of SARS was identified in a clinic. Most patients who were eventually diagnosed with SARS had multiple chest x-rays and/or CT scans.

It is also worth remembering that due to the provincial government directives at the time, which restricted patient access to hospital services and for varying amounts of time, clinics were the only providers of radiology services during a critical period during the SARS crisis.

What is clear is that diagnostic radiology is an important component in the diagnosis of disease. It is invaluable in early detection and results in more effective treatment. It is well documented that timely access to radiologists is critical in order to make an accurate and early diagnosis, which is important for diseases such as cancer.

The first key challenge that we face in radiology is underfunding, which is making it difficult to provide the best care possible. Since 1994-95, the funding for radiology services in Ontario has decreased by more than \$260 million. This funding cutback has led to a deterioration of services, which has led to an unequal level of access in many communities, where important radiology services are no longer available to patients. It has also meant that updating and replacing equipment in hospitals and clinics has been difficult, if not at times impossible.

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In Ontario there are thousands of pieces of outdated radiology equipment that need to be replaced. This outdated radiology equipment is located both in hospitals and in clinics. The Outdated Radiology Equipment Report released in September 2000 by my professional association, the Ontario Association of Radiologists, identified 2,400 pieces of outdated equipment in Ontario, with a replacement cost of approximately \$762 million.

Replacement of outdated equipment is a key priority for Ontario residents. A recent Environics public opinion poll found that more than 80% of Ontarians have widespread concern about access to radiologists and the use of outdated radiology equipment. In fact, 81% said that the use of outdated radiology equipment in Ontario is

a serious problem that must be addressed immediately. As well, almost 75% indicated they want government to fund new radiology services not currently available.

In Niagara, patients would benefit from modern equipment, including:

(1) An MRI to reduce a long waiting list, which is currently about five months. This MRI was approved in June, and it would be the second MRI in the region. Although the approval has been given for it, it would be difficult to raise the money for it through community fundraising alone.

(2) A modern multi-slice CT, which would replace our current 10-year-old single-slice CT scanner. Today's 16- and 32-slice CT scanners provide more detailed information with greater speed, to the benefit of patients.

(3) A picture archive communication system, otherwise known as PACS. This consists of electronic images stored on computer networks that would allow doctors to view images remotely and share information quickly and would replace the use of film.

In 2003 the federal government allocated \$590 million to Ontario in the medical equipment fund 2 that is clearly earmarked for replacement of radiology equipment. At this point, this funding has yet to be distributed to hospitals and imaging clinics that need this funding to improve patient services. This is a situation that the Ontario government, specifically through this committee, must address immediately.

This is an important investment in our health care system that would yield immediate results and improve patient care. Modern equipment is essential in decreasing waiting lists, providing timely service and providing high-quality patient care.

The Ontario Association of Radiologists, which represents more than 700 radiologists practising in hospitals and clinics, has prepared a plan that would result in measurable decreases in waiting lists, improved patient care and is a first step in rebuilding the radiology infrastructure in Ontario.

The plan includes dedicating a minimum of 80% or \$465 million of the \$590 million for diagnostic imaging equipment renewal; ensuring that this funding is split evenly between hospitals and clinics for equipment renewal; ensuring that investor-owned, for-profit clinics are not eligible to qualify for the funding; and ensuring that this funding is specifically directed at three priority areas, including (1) replacement of outdated radiology equipment, the primary modalities of which include X-ray, ultrasound and thoracoscopy, (2) investment in digital imaging technologies such as PACS and (3) purchases of new and/or replacement of existing but outdated CT and MRI scanners in those areas that are unable to obtain them through local fundraising campaigns.

Apart from the federal medical equipment fund 1 from 2001 and the yet-to-be-instituted medical equipment fund 2 for 2003-06, there is no government funding for capital equipment purchases. Hospitals rely on fundraising for the purchase of new equipment. The Greater Niagara

General Hospital Foundation is currently several years into a \$6.7-million campaign for redevelopment of the emergency department. At the current pace, it will take more than a year to reach that goal. Until that time, there are no resources available to fund the recently approved MRI or to replace the outdated CT scanner, which together would cost approximately \$5 million. Without government funding, it would be impossible to fund these important needs.

It must also be recognized that this fund alone will not meet the unique and growing needs of providing radiology services in this province. The Ontario government must also take a strong leadership role in ensuring early access to radiology services.

Now that the committee hopefully has a better understanding of how important radiology equipment renewal is, I want to spend a few minutes outlining the importance of appropriate funding for the operation of that equipment.

Without appropriate operating funding, radiology departments and radiology clinics do not have the ability to cover the costs of providing these important services. Costs associated with offering radiology services include staff salaries, supplies and other standard overhead costs.

There have been no increases in funding to cover these costs for nearly 15 years, and since 1995 the government has clawed back 7% of all funding dedicated to cover operational costs. This clawback was removed in 2003 for clinics but continues in hospitals. At the same time, the costs of operation have steadily increased.

At Greater Niagara General, additional funding would have a positive impact on reducing the waiting list for CT scans, which varies from exam to exam, but for a CT of head and spine the current waiting list is about 70 days. Unlike other radiology modalities such as X-ray and ultrasound, there is no dedicated technical fee for CT scanners. Operating costs are paid out of the hospital global budget, which generally does not recognize the increasing demand for more operating hours.

The Ontario government has approved several new CT scanners in small or regional hospitals but has not provided any additional operating funding. This places an unreasonable demand on hospitals that had no previous funding for this important diagnostic service. The OAR has recommended that the Ministry of Health provide \$400,000 of dedicated CT funding to the hospital CT scanners approved in the past years as well as future ones to help in the operation of equipment. Each year, the Niagara Health System struggles to achieve a balanced budget, and money spent to operate an unfunded CT scanner is money that cannot be spent elsewhere.

In closing, I would like to address the shortage of radiologists in Ontario and the difficulties we currently face in recruiting and retaining radiologists in our communities. We have all heard stories of communities with not enough family physicians, but there is also an acute shortage of radiologists and other specialists across the province. This shortage has gone unrecognized for years

and will take years to correct, even if something were to be done about it today.

Currently in Ontario there is a shortage of more than 200 radiologists and several hundred medical radiation technologists. In the Niagara region there are currently 18 radiologists and the Niagara Health System is trying to recruit an additional six radiologists to meet the current need. We are also facing the challenge of having to plan the replacement of four radiologists who are in their mid-to late 60s. These radiologists would like to retire but recognize the importance of their continuing to practise. Communities are competing against each other for radiologists, and at the current time there are just not enough to go around.

Thank you for giving me the opportunity to share my concerns. At this time, if you have any questions, I'll be happy to try to answer them.

The Chair: Thank you for your presentation. We have about two minutes per caucus and we'll start with the official opposition.

Mr O'Toole: Thank you very much for your presentation. I do respect the points you take quite sincerely; I want that to be understood. I met with the health care providers in my community, who fought very hard to make sure they had access to a CT scanner. It's a fundamental piece of equipment for primary care and emergency care today, as they explained it to me. So you won't find a problem with me going forward. I think there are mechanisms, together with the federal government, to release different funds for technology improvements. It's a whole debate, because the technology is reiterating and it's all redundant in about four years. It has to be replaced—the training.

The question I have for you is that it's my understanding in working as PA to the Minister of Health for two years, and Smart Systems for Health; e-health and Telehealth and that kind of approach to the digitization, that they can actually have the operation people do the scans on the patients, putting them in and out, but that the analysis of these digital images could be done in Taiwan. I mean, the radiologist can sit at a computer, call it up and look at it.

Dr Li: PACS technology does provide the ability to view images remotely.

1320

Mr O'Toole: They are doing that now. That's my understanding. It's really a question. Is that the future, or is there really a shortage? Would you invest in the technology and the distributive systems in technology so that we could have clusters of specialists doing these kinds of analyses and getting them back to the primary physician or surgeon?

Dr Li: I'll give you an example. Within our health system we've got eight hospitals—three major hospitals. If we were to invest in PACS in the health system to help alleviate the shortage of radiologists, PACS would allow radiologists from a hospital to view images done at another hospital. It just allows for the sharing of manpower. It also allows for the sharing of information.

Patients' exams: If a patient has something done in Niagara Falls and is seeing a specialist in St Catharines, the physician in St Catharines would have the ability to pull up the images in St Catharines.

Mr O'Toole: There are two important committees meeting: Bill 8 and Bill—

The Chair: Thank you, Mr O'Toole. Your time has expired.

Mr Prue: You have written on page 7, and I think this is the key that I want to zoom in on: "In 2003 the federal government allocated \$590 million to Ontario in the medical equipment fund 2 that is clearly earmarked for replacement of radiology equipment. At this point this funding has yet to be distributed to those hospitals and not-for-profit community imaging clinics that need this funding." Is that to say that no money that could have been put aside by the federal government has been spent by the Ontario government?

Dr Li: That's correct.

Mr Prue: Does that in turn—going over to page 10, you said, "Each year, the Niagara Health System struggles to achieve a balanced budget, and money spent to operate the unfunded CT scanner is money that cannot be spent elsewhere." So the money is earmarked there, it cannot be spent elsewhere and it's just sitting there in limbo, doing nothing?

Dr Li: That money was earmarked for capital equipment purchases: purchasing new equipment, replacing old equipment. It has nothing to do with the actual operations, paying the staff to run the equipment. The second item that you referred to was about the operating funding for CT scans now.

Mr Prue: So I'm not to confuse them.

Dr Li: They're two separate issues. There are no technical fees associated with running a CT scanner. The cost of running a CT scanner is completely borne by the hospital global budget, which has to pay for other things too.

Mr Prue: Just very briefly, in terms of this federal money, you're not asking for additional monies; you're just asking for the Ontario government to release this and to get on with it.

Dr Li: Yes.

Mr Prue: OK, thank you.

Mr Tim Peterson (Mississauga South): Early diagnosis prevents disease and also saves on high treatment costs.

Dr Li: Correct.

Mr Peterson: Have you developed any statistics on this which would help us free up this money?

Mr Ray Foley: I think some of the examples of that are breast screening and the Ontario breast screening program. The early detection of breast cancer obviously has been proven clinically to save lives. Similarly, osteoporosis is a disease that affects elderly women, and there are many studies and a lot of information in the literature that demonstrate that hundreds of millions of dollars of hospital costs on rehabilitation can be saved by detection of bone loss by technologies such as bone marrow

densitometry, a technology used by radiologists. There now are therapies that allow bone loss to be reversed and result in significant savings.

Dr Li: I don't think I can give you a specific dollar amount in terms of savings, but there are significant savings. It makes intuitive sense. Take breast cancer, for example: If you are able to identify breast cancer while it's small and have it removed surgically before it spreads, the costs of any additional treatment and the human cost are much less if you are able to catch that early.

Mr Peterson: It's intuitive, but the harder the numbers you can provide us with, the better.

The Chair: Time has expired, Mr Peterson. We thank you for your presentation today.

ONTARIO LIQUOR BOARD EMPLOYEES' UNION

The Chair: I would ask representatives of the Ontario Liquor Board Employees' Union, Region 4, to come forward. Good afternoon, gentlemen. You have 20 minutes for your presentation. You may allow time for questions if you so desire. Please give your names for the record in Hansard. You may begin.

Mr John Coones: Good afternoon, Mr Chairman and members of the committee. My name is John Coones. I'm the president of the Ontario Liquor Board Employees' Union. With me is Mr Ralph Carnovale, who is our business agent.

The OLBEU represents more than 5,500 members who are employed in liquor stores, warehouses and head office of the Liquor Control Board Of Ontario. I'm here this afternoon to address you on the issue of privatization as a method of reducing the current deficit in our province.

On January 8, 2004, the Premier told the Globe and Mail editorial board, "We simply cannot deliver on all the responsibilities that we've assumed to date and deliver well." Further, he is quoted as saying, "We are going to design our budget in an entirely new way. I am going to bring results-based budgeting to Canada for the first time." Mr McGuinty said he will put "a workbook before the people and solicit their advice." He went on to say, "There is an entire range of opportunities to be found within businesses that we are in that could be run by the private sector." When it was pointed out that the liquor board generates massive revenues for the province and selling it could ultimately prove costly, the Premier said he is looking at ways to turn any asset sale into a long-term source of funds.

If the government should sell off the LCBO, whatever dollar amount they may get would be a one-time cash infusion only. What impact would that have upon the people of Ontario? Some people believe that because they don't drink themselves, it will not have an impact on them whatsoever. Not true. The LCBO generates more than \$975 million in profits annually for the province.

Profits should not be confused with taxes. The profits are an amount over and above the taxes which are collected on the sale of beverage alcohol after the operating costs of the LCBO have been deducted. If we were to include the taxes collected on the sale of beverage alcohol and other income, the net value which the LCBO generates for the province is just over \$3.1 billion annually.

The fact is that government will get their taxes no matter who sells liquor. What they will be losing, however, is \$975 million in profits. Any government that loses \$975 million in profit would without a doubt have to make up that loss by some other means. Either they would have to raise taxes or they would have to cut services that could no longer be afforded. If this happens, then even non-drinkers end up paying the cost. Essentially, the non-drinker begins to subsidize the drinker.

Along with this presentation we have provided a copy of a study by the Canadian Centre for Policy Alternatives and the Parkland Institute entitled *Sobering Result: The Alberta Liquor Retailing Industry Ten Years after Privatization*, June 2003. We believe that this study would mirror the outcome of an Ontario privatization endeavour.

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Among the changes seen in Alberta 10 years after privatization are that the number of retail outlets in Alberta has more than tripled, prices have increased and, while the number of products carried in their warehouse has increased, the selection in retail stores has decreased significantly. Even the majority of Alberta's largest liquor stores carry only about 1,600 products, compared to the more than 2,800 products carried by the average LCBO store.

The number of jobs in Alberta's liquor stores tripled, but full-time jobs which existed in the ALCB, with wages of \$14 an hour plus benefits and pension, were replaced by part-time jobs at an average of \$7 an hour, with no benefits or pension.

The study also points out social issues which have been negatively impacted and include fetal alcohol syndrome, ill health effects, family violence and divorce, lost work and productivity, and an increase in crime such as impaired driving. It suggests that there is a correlation between increased crime and the availability of liquor. The statistics also show that Alberta has the second-highest driving offences in the country.

One can also compare figures with the United States. For example, studies show that DUI arrests in West Virginia, a privatized state, are four times higher than in neighbouring Pennsylvania, which is a controlled state.

The more relevant fact for our discussions today is that while retail prices increased, partly due to the introduction of a flat tax, the revenue which would be directed to the Alberta government has fallen significantly.

The study found that against other retail segments, the amount of liquor consumed or purchased has increased, as would the costs for social responsibilities.

The study summarizes that "the Alberta government has lost effective control of the liquor industry."

If in Ontario the number of retail stores tripled with privatization, as it has in most other privatized jurisdictions, that would mean that Ontario would end up with 1,900 liquor stores, 436 beer stores, 385 wine stores and over 800 U-Brews and do-it-yourself wine stores. How much availability of beverage alcohol does Ontario need?

All of this raises the question of enforcement: properly enforcing the laws around the sale of alcohol in Ontario. Under a privatized system, the cost of policing this large number of stores will fall upon the municipalities that are already overburdened financially.

In considering the budget for the province, is the government willing to increase municipal transfer payments to pay for the increase in policing, enforcement, health care and social programs which will be required to offset the increased costs to each municipality?

The LCBO is a very well run, very efficient, award-winning and socially responsible publicly owned retailer of beverage alcohol. In 2003, LCBO employees challenged 1.1 million individuals, refusing service to almost 70,000 of them. Approximately 68% were turned away for age-related reasons. Will a private system maintain the same diligence and care of our youth?

The LCBO is the largest purchaser of beverage alcohol in the world and, as such, can demand better purchasing costs. We provide a wide range of products in modern stores, with exquisite décor, by polite, knowledgeable staff and offer many exceptional programs such as Shop the World and public classes on how to cook with wines and spirits, all of which provide for a unique shopping experience for the people of Ontario.

In closing, we recognize that this submission has been directed toward the privatization of the LCBO, but we are absolute in our resolve that such a move would have a long-term detrimental impact to our economy and on the quality of life in Ontario.

Selling off the LCBO, in whole or in part, will not resolve the deficit. It will in fact create a greater burden on other levels of government beyond what is currently being experienced. The LCBO is worth holding on to.

We were hoping to include in our submission a CD that provides a visual context of some of the impacts experienced by the people of Alberta resulting from privatization in that province. Unfortunately, due to the short notice of this meeting, the company that is transferring the data from video cassette to CD was unable to have it completed in time for this presentation. However, with the committee's permission, we would like to have the CD available to send to you in a few days.

We have also incorporated photographs of current LCBO outlets, as compared to some of the private outlets in Alberta as well as in some other jurisdictions, as a testament to the quality of the public system currently enjoyed by the taxpayers of Ontario.

Thank you for listening. If you have any questions, I'd be pleased to try and answer them.

The Chair: Thank you. If you would care to send that CD to the clerk in the future, he will ensure that the members receive it.

We have about three minutes for each caucus and we begin with the NDP.

Mr Prue: A couple of questions: Much of what you're saying here is known by all of us. I think that's in part why the former government did not sell the LCBO, although they considered it, and why I am highly doubtful that this government will end up following the musings of the Premier. Having said that, and I hope I'm right, the challenges to youth, and I would assume to those who are believed to be under the influence of alcohol, are what I'm most interested in. It's done quite regularly. I've witnessed myself people being challenged in LCBO stores. Tell me, what are the employees instructed to do?

Mr Coones: We have a program called Check 25. Basically what that means for our employees is that if anyone looks under the age of 25, they must challenge them. They ask them for identification. They must prove through their ID that they are in fact old enough, and if they are not, then they are refused. They also have the right to refuse anyone who is of age if they believe that person is purchasing for someone who is underage. They can refuse to serve that person as well. Of course, they also challenge and refuse individuals who they believe are already intoxicated.

Mr Prue: And is this a matter of LCBO policy?

Mr Coones: Yes.

Mr Prue: All right. So a private person at the till, working for a company who was intent upon making profit, might be a little bit angry that you're sending away customers, either customers who already had had too much to drink or who they thought might be handing over the booze outside the door. Is that what you're saying? That seems pretty relevant to me.

Mr Coones: I think the difference is that if an LCBO employee refuses 50 customers over a weekend, they don't lose anything; that's their job, and at the end of the week they're still going to get paid for doing their job. When you're in a private system, the competition generally is very great, so the idea of turning away customers when you have rent or a lease to pay on your store and overhead to pay for purchasing products and that type of thing, the temptation to serve people is far greater. The bottom line becomes very important then. We have seen in many privatized jurisdictions where it is in fact the case that minors are served. As a matter of fact, we had that happen right here in Ontario with one of the private franchise stores that they've been introducing.

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The Chair: We'll move to the government question.

Mr Colle: The previous government introduced these private franchise stores. Could you give us an idea of how they're working out or what impact that decision is having on some of these issues you've raised about control, profit etc.

Mr Coones: We as a union have a great concern about these franchise stores. There were criteria set up in order

to establish them. The criteria are not being followed. One of the marketing things they've been using with smaller communities is to tell them that if they put a franchise store or what they are now calling an extended agency store into their community, it will cut down on drinking and driving, because all you have to do is walk down the street to the liquor store; you don't have to drive anywhere.

We've been having focus groups over the past month, and we had a focus group in an area that has a franchise store. What they have told us is that in fact it's having the opposite effect. The reason for that is that the liquor store in their community, which is Lefroy, up near Barrie, is open until 11 o'clock at night. The closest LCBO liquor stores, roughly 15 minutes away, are in Stroud, Alcona and Barrie. These liquor stores close at 6 o'clock, so all of the people from the surrounding areas are driving now to Lefroy. If they're having a party and they run out of liquor, they drive to Lefroy because they know the store is open. It has increased traffic, but it is also increasing the number of people driving and drinking, so it is having the opposite effect.

To us, franchise stores are a real, grave concern, because we can see where these stores are practically mirroring our smaller C and D stores in the province. What we see happening is that down the road, when they get these all in place, they are going to start closing out the LCBO stores.

The Chair: We'll move to the official opposition.

Mr Barrett: In your arguments against the Liberal government privatizing the LCBO you mention the profits, and then on page 2 you say that if you include taxes on beverage alcohol, it brings the total revenue to \$3.1 billion. When you say "taxes on beverage alcohol," you're just referring to the beverage alcohol from the LCBO and not from the beer stores or the—

Mr Coones: No, I'm talking about the LCBO, and that's taxes and other revenues that the LCBO generates; not profits but other revenues, because they do invest.

Mr Barrett: You're not referring to the taxes from beer stores or anything like that?

Mr Coones: No, strictly LCBO.

Mr Barrett: On page 5 you talk about the 1.1 million people who were challenged. You're not suggesting that people are not challenged at the Brewers Warehousing Co or at the corner store?

Mr Coones: Not at all. Our concern is with private liquor stores as opposed to Brewers Retail.

Mr Barrett: Just going back to the \$975 million a year in profit generated by LCBO outlets, is there a case to be made for this government, if they did reverse the musings on privatizing the LCBO, to bring the Brewers Warehousing Co stores, which are privatized, under the government umbrella, to have government employees selling beer in these stores? Or, by extension, is there a case to be made—I've heard the case—to have government employees sell cigarettes, for example, and accrue those potential profits as well? We're talking additional billions.

Mr Coones: I'm not suggesting that the LCBO take over Brewers Retail. We already sell beer products. Brewers Retail is an efficient system. It is private, but it's an efficient system. In fact, they have the best bottle return system in the entire world, and if we did anything much to change Brewers Retail, I think we would jeopardize that. So I'm not suggesting that we get involved with Brewers Retail.

In terms of cigarettes, since you bring up cigarettes, I guess I could make a couple of comments on that. Number one, my understanding is that there is some group out there lobbying to have cigarettes sold out of LCBO stores. It's not something we've been looking at, but I think it also points out our concern about enforcement and policing. You can see minors buying cigarettes every day of the week, and one of the reasons they're able to do that is that there are just so many retailers selling cigarettes, it's impossible to properly police.

When you consider privatizing alcohol, in all the other jurisdictions that we've studied, the number of retailers has tripled, at least, if not more. When you have that many stores springing up all over the place, who is going to police them? Where are you going to get the people or the funds? That will fall to the municipality, not the provincial government.

Mr Barrett: Mr Hudak, did you want to—

The Chair: I'm sorry, your time has expired. I want to thank you for your presentation this afternoon.

UNITED WAY OF NIAGARA FALLS

The Chair: I would call upon the United Way of Niagara Falls. You have 20 minutes for your presentation. You may allow some time for questioning if you care to. Would you please identify yourself for the purposes of Hansard, and then you may begin.

Ms Carol Stewart-Kirkby: My name is Carol Stewart-Kirkby. I am the executive director of United Way of Niagara Falls, and I am also representing the three other Niagara United Ways today. Joining me is Rosanna Thoms, executive director of Information Niagara, the information and referral provider for Niagara for the past 30 years.

We're here today to tell you about an invaluable service, 211, and to ask that the provincial budget include funding to enable the provincial government to partner with the United Way in the implementation of 211 service throughout Ontario. Collectively, United Way and their partners are seeking \$3 million from the province in 2004-05 to begin expanding the 211 service to communities outside Toronto.

In 2001, in response to an application from United Way and its partners, the Canadian Radio-television and Telecommunications Commission assigned 211 for toll-free information and referral about social, health and government services. In June 2002, United Way of Greater Toronto and Community Information Toronto launched Canada's first 211 service for callers in the 416/647 area code.

Operated 24 hours a day, seven days a week, the free, multi-lingual 211 service has proven extremely successful. Counsellors at the Toronto 211 call centre answered more than 100,000 calls in the first six months, and the www.211toronto.ca Web site is currently receiving more than 50,000 hits per month. The 211 service in Toronto is funded by the United Way of Greater Toronto, the city, as well as private donors and foundations.

United Ways and their partners in more than a dozen communities, with support from the Ontario Trillium Foundation, have now developed a plan to implement 211 service across Ontario. We have also completed significant research on service delivery models and standards.

After the CRTC approval of 211, Information Niagara and the four area United Ways created a partnership to work on bringing 211 to the community of Niagara. In August 2002, a feasibility study was produced with input from the community. This study identified Information Niagara as the organization best equipped to move forward with the 211 implementation. We have continued to work at gaining community support through public consultation and community involvement in committees and task groups. Information Niagara has been recognized as an early implementer and is working closely with Community Information Toronto, the organization operating 211 in Toronto. Support from the province would allow us to launch 211 Niagara in January 2005.

We believe 211 represents a unique opportunity for partnership between the United Way and the province to bring this low-cost, high-impact service to all Ontarians. As with many worthwhile initiatives, the main impediment to timely expansion of 211 service is resources. No other community has access to the kinds of corporate and foundation resources Toronto was able to marshal to implement 211.

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The 211 service is consistent with the province's integrated service delivery initiative and the broad movement toward improving service delivery by offering one-window forms of access to programs and services. In Toronto and in many communities across the United States, 211 has become the first call for help. The 211 service is based on professional information and referral standards, including assessment and mediated assistance when required. By better connecting people with the services they are seeking, 211 helps reduce the time that staff from government and community agencies now waste fielding errant calls.

A fully operational 211 system also offers significant cost-saving potential by reducing the need for government to continually advertise access to programs and services. Additional savings could be realized by eliminating duplicative activities and ensuring government initiatives remain focused on their core business and competencies. The rollout of community care access centres and Early Years centres provide some recent examples.

The comprehensive 211 database offers an excellent foundation for provincial initiatives requiring the creation

or maintenance of specialized databases; 211 also helps reduce the demand on resources now devoted to building and maintaining public awareness about how to access provincial programs. Two proof-of-concept 211ontario.ca service directories are set for launch early this year: the Ministry of Training, Colleges and Universities' access to professions and trades, and the Ministry of Community Safety and Correctional Services' Ontario youth justice directory.

Here in Niagara, 82% of voluntary organization and government services locate in the urban centres of St Catharines, Niagara Falls and Welland. This, together with no regional transportation system, creates difficulty for individuals accessing services. By 2006, Niagara's population aged 75 and over will have grown to 37,369. By 2011, Niagara will have enough people aged 65 and older to completely fill a city equivalent to the size of Niagara Falls today. Access to a 211 service will help vulnerable people like the elderly, disabled, non-English-speaking and illiterate to help themselves by making access to services easier. In a study of callers to 211 Toronto, it was determined that 83% of callers indicated ease of use by dialling 211.

The United Way helps find solutions to community problems and is a significant funder of agencies providing social and health services. The 211 complements the United Way's role as a funder of community services by helping people connect to the services they need.

Support has already been received by Human Resources Development Canada through significant investment in the development of the technology platform for the 211 system, which currently supports 211toronto.ca and 211ontario.ca. The government of Canada identified HRDC as the lead federal department for 211, and a report on 211 was completed by HRDC in November 2003. On December 12, HRDC was divided into two entities, the Department of Social Development and the Department of Human Resources and Skills Development. We hope to have an indication about the new departments' involvement in this project very soon.

In Toronto, the municipality is a key partner, and 211 operates under a service agreement between Community Information Toronto and the city. Also, the 211toronto.ca Web application resides in the city's electronic service delivery environment, representing significant additional in-kind support for 211 in Toronto.

Across Ontario, municipalities and United Ways are the primary funders of community information and referral services. Many local planning groups pursuing 211 service include municipal representation.

In Niagara, Information Niagara has been endorsed by the regional municipality of Niagara as the service provider for the Niagara region. Support for the information and referral service is received by all four area United Ways.

We are aware of the province's budgetary challenges and the current \$5.6-billion deficit. Provincial investments in 211 would be back-end loaded, requiring modest year-one investments.

The 211 service is a low-cost, highly visible and high-impact initiative. A fully operational service is estimated to cost approximately \$1.30 per Ontarian per year. We are asking for a commitment to allocate funds for 211 in the upcoming provincial budget to enable the timely rollout of 211 to all Ontarians.

I would like to leave you with some quotes from Ontario public service staff about the 211 service in Toronto: "211 is a big help—we know if a caller goes there, they will be directed to the right place," and the second quote, "Frankly, it is a huge relief for staff to have that referral. You have no idea how frustrating it is for customer service representatives who are speaking to very distressed people at the hardest time in their lives, and they have no idea how to help them."

Ms Rosanna Thoms: I'd like to share with you just a couple of examples of true calls that came into 211 Toronto so you can see the type of service Ontarians would receive.

This call was from a senior who identified herself as a visually impaired person and stated that she had recently fallen. She was receiving some assistance for in-home support, but she was afraid that if some minor household repairs weren't done, she would be forced to leave her home where she had lived for 37 years. Being on a limited pension, she could not afford private contractors. The information referral specialist at 211 Toronto contacted an agency in the east end of Toronto, and this agency was able to put her in contact with a senior who was a retired electrician and lived in her area and with a plumber who would assist her for a nominal fee.

My other example is a woman who was in a domestic violence situation calling 211 in Toronto and indicating that she had been physically abused by her boyfriend. He had left, but he had also stolen all the Christmas gifts she had for her kids. With Christmas only two days away, she worried that her children would not have any presents. She called 211 looking for some kind of assistance. The information referral specialist emphasized that safety had to be a priority and made sure that the abuser was out of the home. With that, she contacted the desk sergeant at the Toronto police division. During a three-way call, the officer told the abused person how the situation would be handled from a police standpoint. The caller was very much encouraged to file a report. The information referral specialist then contacted a women's shelter and spoke to the manager. The shelter arranged for an outreach worker to deliver donated toys and presents to the caller and to provide her with counselling and support.

Those are just two examples of calls that were dealt with in Toronto.

With that, I'd like to thank you for this opportunity to share our views with you today. We'll be happy to answer any questions.

The Chair: Thank you. We have about two minutes for each caucus, and we begin with the government.

Mr Wilkinson: I'm a new MPP, and it's amazing how you can go out and find out about things you don't know

about. I know in my own community of Stratford we don't have this, so I find it quite interesting.

If you don't mind, I just want to ask you a couple of specific questions so I have a better sense of the money. You're looking at \$3 million this year, and that would come from which department of the government? I see that you already have money from Trillium, for example—it's not a government department—and also Information Ontario. So the request is going to which ministry?

Ms Thoms: It isn't. There is no ministry assigned. That's what we're asking for. We're asking for \$3 million to be included in the provincial budget.

Mr Wilkinson: Somewhere.

Ms Thoms: Somewhere.

Mr Wilkinson: So we'd have to find a place to put that if we're going to provide it.

The second thing is, it's \$3 million this year, and you're saying eventually it would be about \$1.30 per Ontarian. That would be about \$15 million annually. So how long do we go to get from \$3 million this year to \$15 million?

Ms Thoms: Five years. The plan, the study, is a five-year rollout in Ontario.

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Mr Wilkinson: You've got money from HRDC, from the federal government, to get it to this point. Are you making an application for matching federal funds? I see in the United States examples, where this started, that it's a matching between the federal government and the state government. Is that your proposal as well or are you suggesting it would be to the provincial government?

Ms Thoms: Right now, the partnership we're looking at is the provincial government, United Ways or municipal governments, which are already funding. The federal government tends to put money into capital costs. That's what they did with Toronto. They provided dollars for the platform for Toronto and also the platform which will run the whole provincial technology system.

Mr Wilkinson: So that's already there.

Ms Thoms: That's in place, funded by the federal government.

Mr Wilkinson: That clears it up for me.

The Chair: We move to the official opposition.

Mr Tim Hudak (Erie-Lincoln): Thanks for the presentation. Certainly the United Way in Niagara—I know my colleague from Niagara Falls would agree—does an outstanding job, and I'm glad you're here tonight with this presentation on 211. In many ways our constituency offices act as 211s in their own right, so I can certainly understand the need for the service here in Niagara.

You quantify about \$1.30 per person as the annual operating cost if it were province-wide. It's about \$15 million as a whole?

Ms Thoms: That's right.

Mr Hudak: Do you have a suggestion too in terms of a more gradual rollout, a piece at a time in Niagara or something like that?

Ms Thoms: There is a rollout in our study, and it goes like this, leading up to roughly \$16 million. This is the full cost. Year 1 was \$8.5 million.

Mr Hudak: So \$8.5 million would be for the next fiscal year—

Ms Thoms: And then \$11 million, \$13.5 million, \$15 million, up to the \$16 million.

Mr Hudak: I have one more quick question for you too. The Trillium Foundation has been a partner with the United Way and in other projects here in Niagara. No doubt there will be a movement afoot to abolish the Trillium Foundation. About \$100 million a year comes to charitable institutions from the slot machine revenue. Would you support the abolishment of the Trillium Foundation or do you think it should continue as it is, or with more funds from the slot machines?

Ms Thoms: That's a hard question. We have an application right now in to Trillium to help roll out as well. Would we support—

Mr Hudak: Do you think the Trillium Foundation should be cancelled, or do you think it's doing a good job and it should continue with \$100 million in funding or more funding?

Ms Thoms: As an agency that has received two grants from the Trillium Foundation, we couldn't support its not being there. It is doing very good work here in Niagara. I couldn't speak for across the province.

The Chair: To the NDP.

Mr Prue: Just to be fair, I've been on the phone with some church people who feel that they cannot access the money, so there is another argument. Anyway, I'll leave that for another day.

For those of you who are not from Toronto, my constituency assistants use 211 every day, and it works amazingly well. When they don't know which agency deals with it, and they know a lot, they pick up the phone and someone at 211 is able to direct them almost immediately. It's a great service.

The question I have though is, you were looking for about \$3 million for the Niagara area, or that's what I heard.

Ms Thoms: No, not the Niagara area.

Interjection: For the province.

Ms Thoms: For the province.

Mr Prue: I heard \$13 million or \$15 million for the province.

Mr Wilkinson: Ultimately.

Mr Prue: Ultimately, OK. Do you see Niagara going first and other ones coming on, or do you see everyone going at the same time? The reason I'm asking that is because I think this government would have some difficulty saying that the Niagara area gets 211 but, say, Timmins doesn't or that Niagara gets it and Sarnia doesn't or—

Interjection: They can be second.

Mr Prue: What I'm trying to find out is, are you saying that everyone should have it and have it at the same time, so that if the money comes on board it comes on board so all communities can have the same service?

Ms Thoms: If you're willing to fund it to \$16 million next year, it can all come on board. The reality, however, is there's a lot of work that has to be done to bring 211 to communities, as you can well understand. Niagara and Simcoe county are looked at as early implementers because we're ahead of the rest. There are many communities working on 211, but they're in different phases. The study that was done, and you have the summary report, identified how it would roll out over Ontario in the next five years. It would be as communities came on board, because the dollars from the province are not sufficient to roll it out completely. All the communities have to have money from within their own communities. So we would have to have dollars from Niagara through our United Way, through our municipalities, plus some provincial dollars. It's a partnership going forward; it's not just the provincial government.

The Chair: Thank you for your presentation this afternoon.

CANADIAN MENTAL HEALTH ASSOCIATION, NIAGARA BRANCH

The Chair: I would call on the Canadian Mental Health Association, Niagara branch. Good afternoon, gentlemen. Would you identify yourselves for Hansard. I remind you that you have 20 minutes for your presentation. You may leave time for questions if you desire. You may begin.

Mr Ron Wyborn: Good afternoon and thank you for permitting my colleagues and me to present this afternoon. My name is Ron Wyborn. I am the volunteer president of the Canadian Mental Health Association, Niagara branch. To my immediate right is Neil McGregor, who is the president of the Canadian Mental Health Association, Ontario division. He is also a resident of Niagara. Our technical support person is George Kurzawa, our executive director for Niagara.

CMHA Niagara branch is a part of the CMHA Ontario division. The CMHA's job is to advocate on behalf of people with mental illness and their families. We work to raise awareness of mental health issues and de-stigmatize mental illness. We also deliver a variety of community-based services to individuals in Niagara.

We do recognize that the provincial government, through your group, is seeking input from the community that will assist in determining priorities through the offering of suggestions during a particularly difficult fiscal situation. Hopefully, we will be able to demonstrate to you that what we are suggesting, in concert with CMHA Ontario, will in fact be cost-saving measures that not only meet the needs of people with mental health difficulties, but will go a long way in serving people appropriately and in a cost-effective manner.

Here in Niagara, CMHA has been active for over 35 years. Our branch has 43 staff members and 80 volunteers who provide services throughout the region, with offices in Niagara Falls, St Catharines, Welland, Port Colborne and Fort Erie. In a typical month we receive

over 600 calls, ranging from general information to specific program requests. In general, we provide housing support services to about 350 people a year, safe crisis beds to 170 per year and employment services to 80 individuals a year. Our activity drop-in centres are used by about 150 people and general counselling by 180. These services combined serve over 900 individuals.

I'm here today to tell you a story about mental illness and its impact, about the role community services play in our mental health system and specifically about the urgent need for the government of Ontario to invest in community mental health care services—services that have been proven to save lives and save health care and taxpayer dollars.

The fact is that community mental health services haven't had an overall increase in their budgets in more than a decade. At the same time, mental illness is on the rise, waiting lists are growing and, because the mentally ill have nowhere else to turn in the community, there is increasing pressure on our hospitals, police and emergency services. These increasing pressures, by the way, are more costly and are increasing what appears to be exponentially. The suggestions that both Mr McGregor and I have will not only assist dramatically in meeting the life-and-death needs of our citizens appropriately, but they are cost-effective as well. The pressures on the more expensive acute system will diminish, and they can also treat their clients more effectively. In particular, those savings will be realized not only in the health care system but with the Attorney General, the Solicitor General and correctional services via police services, the judiciary and detention centres.

CMHA Niagara has experienced a net decrease in provincial funding for core programs.

In Niagara, we know that there have been and continue to be reductions in direct staffing. We have 35 full-time-equivalent staff members and have lost four and a half staff members over the past three years to cover the costs of contract negotiations and pay equity. Each staff member may have a caseload of 25 clients, with a corresponding loss of service to 112 clients.

In Niagara, we know we are underfunded per capita by \$56.70 less than the provincial average of \$217.24, and we have a 64% shortage of service.

At CMHA, the waiting times vary from about three months to six months for some services, an eternity in the lifetime of a person, a family or a community struggling with serious mental health problems.

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I would like to provide you with an example of a real client served by our services. This example illustrates the benefit to the client and the cost savings to the province. Any identifying markers have been disguised, of course.

Mr John—not his real name—is a 40-something-year-old male who came to receive housing support in one of our apartments. At the time of referral, John was living in drastically substandard private market housing which was also financially unsustainable as his rent each month consumed approximately 78% of his income. Mr John

had received basic assistance from Ontario Works for close to two years, since his EI benefits expired following dismissal from his previous employment of 10 years. Mr John claimed that he had been laid off from his job as a dishwasher at a local hotel, but in reality Mr John was unable to meet the demands of his job due to intensifying symptoms of schizophrenia.

Despite the fact that his family doctor had made referrals to psychiatrists for him, Mr John was not being treated by either his family doctor or his psychiatrist, due to non-compliance with suggested treatment. Mr John was spending three to four hours each day at HRDC researching employment listings, but as symptoms continued to intensify, he was also becoming isolated socially to the point of having only brief and casual interaction with a handful of staff members at local social service agencies.

Mr John at this time was next to impossible, as his ability to process information, reason and express himself was severely impeded. Despite his dedication to search for work, it was clearly meaningless repetition as his state of mental health at this time was clearly interfering with every aspect of his life.

Upon receiving support, Canadian Mental Health Association Niagara staff worked intensively with Mr John to educate him on the effects of his illness, to address his income needs, to re-establish his relationship with his physician and to provide a network of support to assist him in his recovery. Today he remains in our housing program and has shown remarkable recovery in many areas of his life. He has restored his relationship with his family, and they visit him on a weekly basis. His physical health has improved. He no longer smokes or drinks alcohol. His mental health has shown incredible improvement as his level of concentration is strong, communication is clear and lucid, and personal hygiene and self-esteem are drastically improved. The cost of this intensive service was \$20 a day.

It is interesting to note that Mr John was headed for homelessness, which on the surface looks like a less costly alternative to the existing service. However, at the costing level, homelessness is associated with a variety of more expensive, albeit temporary, services such as policing, temporary hospital stay and time in detention centres. For example, our provincial detention centres cost an average of \$114 a day. Our hospital costs are at about \$384 a day. I don't know if those are the correct provincial figures, but those are the figures we use for Niagara.

There are a number of important community mental health success stories in Ontario, all fuelled by selective investments by the Ministry of Health and Long-Term Care. In Niagara, what we know now is that those selective investments have really paid off for the mentally ill. For example, research shows that community providers effectively support people in their own homes and in their own communities. This helps to relieve pressures on hospitals, emergency and police services, and in turn saves money.

There are a number of additional mental health evaluation initiatives that have been done around the province. Additional research has shown that community mental health workers reduce visits to emergency rooms by up to 60%—which is quite topical today—and hospitalizations by 86%. When people are stabilized in the community and properly supported, in CMHA it costs from \$11 to \$20 dollars a day to support one individual, versus about \$384 dollars per day in the hospital, a saving of over \$364 dollars a day. Our non-medical safe beds cost \$51 per person per day, which is a savings of \$333 a day.

The safe bed program by CMHA at the Elgin branch in St Thomas is similar to our own safe bed program. People had spent 145 days in hospital in the two years prior to the program opening. It dropped to only 14 days for the same length of time through the use of the safe bed program. At Niagara rates, this would mean a saving of \$43,623 per client. Yet the dilemma remains: due to insufficient funding, safe beds can only operate four days per week, diverting people to hospitals on the other three days when it cannot afford to pay salaries to keep its doors open.

Research has also indicated that by having mental health court workers, people charged with minor nuisance offences can be diverted from jail at \$130 per day provincially and supported in our community services at \$20 per day, at an average saving of \$110 a day. Yet the irony remains that our local detention centre is bursting to the seams with mental health clients when they could be better and more cost-effectively served in the community.

All it takes is leadership and political will. All it takes is for the Ontario government to do what it already knows it must do, what has been proven cost-effective and what everyone in the system agrees must be done. I would urge you to work with the Canadian Mental Health Association, Ontario division and its branches in investing in services that save lives, save money and make sure that the mentally ill and their families get the community services they need.

It does require some strategic thinking and planning.

As a postscript, I'd like to add that these principles are applicable not only to mental health but to other groups of people such as the elderly and the developmentally disabled etc.

I'd like to turn you over to Mr McGregor to give you a provincial perspective.

Mr Neil McGregor: Thank you. My name is Neil McGregor, and I am the president of CMHA, Ontario. Dr Barbara Everett, our CEO, is unable to attend today. She is still in Toronto and made a decision not to drive down to the Niagara area because of the weather.

We have distributed some information that CMHA, Ontario has put together. In many cases over the last couple of years we have presented this information to various government officials, but we'd just like to summarize a little bit about mental health in Ontario.

When the government of Ontario came to office on October 2, 2003, it was presented with a daunting chal-

lenge. It inherited a budget deficit exceeding most estimates. There is no doubt that addressing this deficit is necessary to run a responsible government, but the Canadian Mental Health Association, Ontario must remind the Premier and his cabinet that people with mental illness in this province are facing a different kind of deficit: a deficit of hope.

Some statistics about mental health in Ontario: It's estimated that one in five Ontarians will experience a mental illness at some point in their lives, and the remaining four will have family, friends or colleagues who have experienced mental illness. An even more staggering statistic is the fact that 70% of those people who experience mental illness will not receive the services they require for recovery.

If a society is judged by how it cares for its most vulnerable citizens, Ontario's record is sorely lacking.

If investment in community mental health services alleviates the deficit of hope many Ontarians with mental illness are experiencing, it may also serve to contribute to relieving pressure on the government's fiscal problems. Community mental health services are much less expensive, as Ron has pointed out, than services offered in a hospital, or police and other emergency services often necessary when people experience a crisis.

The following paragraph gives some of these costs. They do differ a lit bit from the ones Ron gave. These are provincial numbers, and the ones that Ron mentioned were for the Niagara area.

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Now is the time for action. People with mental illness in Ontario simply can wait no longer for the help they need to recover. The community mental health sector has been starved for 12 years, while report after report calling for increased funding has been submitted to the government—a total of 20 reports over 20 years. The last of these were the nine regional mental health implementation task force reports the government released in December 2003, shortly after taking office.

I want to skip over to the last page for a moment, and then we will have some time for questions.

The Canadian Mental Health Association, Ontario has issued a paper that they call their three priorities, what Ontarians with mental illness need. The Canadian Mental Health Association, Ontario has developed a straightforward plan for action based on the recommendations that the government has received, that has received broad support across mental health stakeholder groups. We're asking that the government of Ontario invest \$389 million over three years in three priority areas. This is a relatively small investment, given that some estimates have placed the cost of implementation of the mental health task force reports' recommendations at close to \$1 billion.

We have suggested some of the areas that we feel these investments could take place in, and we have attached a cost that we think would be able to provide these services:

(1) build system capacity now by investing in services and supports for people;

(2) invest in supports for the mental health system;

(3) identify and reward mental health programs and partnerships that work.

CMHA, Ontario is asking that the government take all of this into consideration in the very near future.

The Chair: Thank you. We only have three minutes for questioning, so that will go to the official opposition in this round.

Mr Hudak: Thank you, gentlemen, for the presentation.

The general piece that you brought with respect to the needs of the Canadian Mental Health Association province-wide indicates on page 4, under the heading "Build system capacity now by investigating in services and supports for people," "Announce funding strategies for the agreed-upon service priorities." When were they agreed upon?

Mr McGregor: I'm sorry. Your question again, please?

Mr Hudak: On page 4 of the sheets that you gave out, you talk about the "agreed-upon service priorities of housing, employment and early intervention in psychosis," for a total of \$285 million—the first bullet point in that paragraph.

Mr McGregor: You're asking when they were agreed upon?

Mr Hudak: Yes. Is it a promise of the existing government or something that is currently underway?

Mr McGregor: No. These are priorities that were agreed upon from consultations with people working—the mental health service providers, the agencies and so on. They all agreed that they think these are the most important priorities.

Mr Hudak: So \$285 million per annum, and that's sent to the top priorities?

Mr McGregor: The \$389 million over three years.

Mr Hudak: Over three years, OK. The same question I had for you: I know that I had raised the issue of the Trillium Foundation a bit earlier on. Another source of revenue for addiction treatment is the slot machines, where 2% per year is allocated into that area, specifically put aside for addiction treatment and research. Do you believe that should continue? Would your advice to the committee be that that should continue or increase, or do you feel that it would appropriate to sever that link and put that money into general revenue?

Mr McGregor: That's a very difficult question. Our concern right now is the fact that for the past 12 years there has been no increase in core funding. How we get that money put into the core funding—I'm not really sure if it's our job to suggest that it be left up to the government to decide that. What we are looking for is sustainable funding, funding that we can rely upon and that we know will provide the services required.

Mr Hudak: I guess I'm on to a bit of a theme here, because we've had some Trillium announcements that have been cancelled recently. So I'm concerned about the

future of the Trillium Foundation and some of the dedicated funds that come from gaming initiatives. One such area is gambling addiction and research. I think we have one of the most generous programs now in North America, and I expect that the Ministry of Finance will look to sever that tie, to cancel that program.

So from the point of view of addiction treatment and services, do you like the notion that there's a dedicated stream of funding, the 2% of slot machine revenue? Would you ask the committee to continue to support that?

Mr McGregor: Certainly we like the concept of a continued and dedicated source of funding. Our concern is to make sure that it is a source of funding that's stable and sustainable.

The Chair: Thank you for your presentation this afternoon, gentlemen.

LINCOLN COUNTY ACADEMY OF MEDICINE

The Chair: I would call upon the Lincoln County Academy of Medicine. Good afternoon. Kindly put your name before the committee for the purposes of Hansard. You have 20 minutes for your presentation, and you may choose to allow time for questions.

Dr Scott Wooder: Thank you very much, Mr Chairman, members of the committee. I'm Dr Scott Wooder, a family physician in Stoney Creek, and I'm a member of the board of directors of the Ontario Medical Association. I'd like to thank you for the opportunity of coming here today. I hope I keep my presentation short enough to allow time for questions.

Canadians deeply value our health care system. Year in and year out it ranks as the clear number one priority for voters in Ontario and the rest of Canada. As the government draws up its budget, it must remember this and the promises it made during the election campaign about delivering quality health care in Ontario. Wise, strategic investment in the health care sector benefits Ontario as a whole.

I don't need to tell anyone in this room that Ontario is in the grips of a doctor shortage. You read about it in the local papers, and I think you know the difficulty your constituents have in getting timely access to medical care. Over 10 years ago, when the provincial government of the day cut medical school enrolment, the OMA loudly and strongly argued against this short-sighted move. Today we see the results: fewer doctors, longer waiting lists and a system lurching from crisis to crisis. The issues are too many to cover in my short time today, but I would like to highlight the physician manpower shortage and talk about ways to bring more doctors to your constituents.

Ontario doctors are looking to other provinces and other countries to practise medicine for a more competitive remuneration package; we cannot ignore this fact. Government has repeatedly stated its desire to hire more doctors, yet we are having trouble keeping the ones

we have. If we are to retain the physicians we currently have in the system and attract new physician recruits, we need to shore up the fee schedule and once again make Ontario an attractive place to work. Government has to recognize that there is a global marketplace for doctors, and we need to make this item a budgetary priority.

Over the course of the last four years, fee increases in Ontario have not kept pace with inflation and the rising cost of running a practice. Furthermore, during the past four years, contracts reached in other provinces have resulted in a steady decline in the relative value of Ontario's fee schedule, to the point where Ontario now ranks seventh among the provinces in terms of fees. As a result, we are experiencing extreme difficulties in recruiting and retaining doctors in this province. We now have a million people in Ontario who do not have a family doctor, and this figure could double in the next eight years.

Despite the erosion of the value of Ontario fees, our doctors and the OMA remain committed to managing the medical system in Ontario in partnership with the government. The OMA has abided by the terms of our current four-year contract. We have upheld our obligations and are now looking forward to negotiating a new medical services agreement with the government.

We have demonstrated initiative and ingenuity in developing new ways to deliver care to our patients and new ways of providing payment to physicians that meet the needs of both patients and doctors.

For example, we have introduced new payment plans in co-operation with the government for emergency doctors, community service contracts for smaller towns and regions and the northern group funding plan for our colleagues working up north.

We are leading the country in our efforts to implement new primary care models.

The family health networks and, more recently, family health groups are innovative, groundbreaking models that help to extend care to patients around the clock and offer flexibility to our overworked, dedicated family physicians.

Ontario doctors have responded to these new models. As of last week, over 2,000 family doctors are caring for over three million Ontario patients with these new care models. They provide a proper reward to our frontline family doctors for the delivery of comprehensive care, and they offer the flexibility that so many of our younger doctors are looking for.

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Ontario doctors are deeply concerned about the physician shortage in this province. We are not training enough doctors to meet the current demand, let alone the future requirements of our citizens. The average age of our general surgeons in this province is 55, and there are critical shortages in virtually every specialty, from anaesthetists to obstetrician-gynecologists.

The OMA has produced strong and practical recommendations to improve the physician resource situation in Ontario. I have provided the committee with a copy of

these recommendations. They can also be found on our Web site at www.oma.org.

We are stepping up to the plate in other areas as well. The OMA has established the Ontario medical student bursary fund, a charitable fund with over \$3 million donated by our members and another \$1.5 million from private and corporate donors. This money will provide bursaries to deserving students who want to pursue a career in medicine but who are faced with the staggering costs of medical education in Ontario. The Ontario government has pledged assistance to this cause in the past but has yet to deliver on it.

We hope that the new government might embrace the spirit and commitment demonstrated by our practising doctors to help the next generation of physicians to fulfill their academic dreams and, in turn, choose to stay and practise in the province of Ontario. Ontario's doctors are leading by example, and we're not asking the government to do anything we're not already doing ourselves.

We like to create new ways to improve the health care system and deliver care to our patients where and when they need it. The fact remains, however, that the system in Ontario is woefully underfunded. Our population is growing and aging, and per capita health care expenditures are not keeping pace. Our patients need more specialized care, and there are major gaps in the continuity of care for many of our most vulnerable patients.

Wait-lists to see a family doctor or a specialist are unacceptably long. Our emergency departments are overloaded. Doctors share in the public's frustration with poor access to limited health system resources. We have cut back and consolidated in the name of efficiency. There is no more fat to cut out of the system. The end result, however, is too often increased stress for providers and frustration and fear for our sick patients and their families.

There is no more room for cutting. It is time to move beyond the rhetoric and demonstrate the fiscal commitment that we have seen in other jurisdictions to improve the professional lives of our physicians and provide the resources necessary to allow doctors to do their job to care for the people of Ontario.

Our members spend almost 10 hours a week filling out forms, many of them government forms. This is time that would be much better spent in looking after our patients. We'd like some help removing that red tape and to reward our dedicated doctors and improve the morale of physicians. We need to improve doctors' perceptions of this province.

Our negotiations with the current government to enhance medical care in Ontario are not about options and luxuries and things that can be put off until tomorrow or next year. Our negotiations are here and now.

The OMA strongly believes these talks are a watershed. Our doctors are tired, frustrated and undervalued. The patients we see are sicker and they require more time, and the support systems to meet their needs at home and in the community are lacking. There is nothing more upsetting to a physician than to have to explain to an

anxious patient or family that they'll have to wait to receive medical care that we know they should receive today.

The Premier and the Minister of Health both say that our health care system is the best expression we have of the values we share as Canadians. If this government truly believes this, now is time to do as Ontario doctors have been doing: Step up to the plate and address the real issues which are driving Ontario doctors out of the province. We can wait no longer. The time to act is now.

The Chair: Thank you. We have about four minutes for each caucus, and we begin with the NDP.

Mr Prue: Thank you very much. A couple of things: On your second page you have written, "The OMA has abided by the terms of our current four-year agreement. We have upheld our obligations and are now looking forward to negotiating a new medical services agreement with the government."

I know you probably can't speak on behalf of all of the OMA, but what is your intent in view of the fact that the Premier has come out on not one or two but probably five occasions that I have seen, asking public servants—doctors, everyone—to temper their demands?

Dr Wooder: The Ontario fee schedule ranks seventh in the country. This is a province where the fee schedule should rank first. I don't think we're in a position to temper our demands. We will not be able to retain the physicians we have here and we will not be able to attract medical students, interns and residents to set up practice in Ontario if we continue to pay the bottom third of fees in this country.

Mr Prue: Fair enough. I just wanted you to say it, because I wonder how you're going to temper your demands in view of that as well.

There is also some growing discussion—let's put it that way—about the ability of the province to pay additional monies to the doctors, hospitals, the medical profession in general, to schools to train physicians and nurses in view of the budget shortfall. There is some discussion of whether or not we need additional sources of revenue, ie, taxes, to do that or whether we continue to go along as we're going. What if we continue along as we're going, which is what one of the options is, and don't do all those things?

Dr Wooder: We can't continue to fund physicians' services at the same level as we have been. The prices will get worse. We have to improve the current situation. So maintaining the status quo in terms of physicians' services is not an option.

Mr Prue: Even if that involves increasing taxes to do it?

Dr Wooder: The way the government gets revenues to fulfill their obligations is a decision for the government. They have an obligation to adequately fund the system.

Mr Prue: I still have some more time. In terms of foreign-trained doctors, it has been said, and I have read on several occasions, that part of the impediment to foreign-trained doctors getting to practise in Ontario is

that the college of physicians and surgeons, and certainly the medical establishment, are not doing everything they can to help them get in. Can you comment on that?

Dr Wooder: The Ontario Medical Association is not a licensing body.

Mr Prue: I know that.

Dr Wooder: We don't set standards for physicians. You've quite rightly identified the college of physicians and surgeons as the body that does that. I don't want to speak on their behalf.

The Chair: We'll move to the government.

Mr David Oraziotti (Sault Ste Marie): Thank you, Doctor. Coming from a relatively small community myself, Sault Ste Marie in northern Ontario, I know first-hand the issue of physician shortages. We've seen what cutting seats in medical schools results in. It obviously didn't result in something immediately, but down the road it has obviously taken a toll on our health care in this province.

I wanted to follow up with something that Mr Prue had asked and that you indicated you don't have a position on. I actually have two questions: What role can the OMA play in assisting, or what is your position on increasing the availability or accessibility of foreign-trained physicians in this province? Do you see that as an appropriate step for our government to take in assisting to alleviate some of the critical shortages that we now face?

Dr Wooder: We certainly encourage the licensure of qualified physicians. We support that, and we will continue to do that.

Mr Oraziotti: Moving forward, we know that we need a long-term strategy to bring ourselves out of the situation we're in, and we know that training physicians is not an overnight task. What other types of strategies can you suggest that our government embark on? The obvious one—you've mentioned it a number of times—is in terms of funding and increasing seats in medical schools. Do you have any other suggestions or strategies that might help to alleviate some of the pressure?

Dr Wooder: Sure. The OMA published a paper in April 2002 which I've distributed to the committee. It has a list of 18 recommendations, including increasing medical school enrolment. It talks about licensing foreign-trained physicians. We certainly need to retain every physician who's currently practising in this province. We need to remove any barriers on the basis of age; we cannot force retirement on our physicians. We should eliminate thresholds and volume discounts that eliminate the ability of physicians to work to their full capacity. Those are some of the highlights, but there is a comprehensive list.

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Mr Oraziotti: Mr Chair, could I just follow up with one other question. In our community we have the Group Health Centre, which was highlighted in the Romanow commission report. Many physicians like that approach to the delivery of health care. Do you recommend those types of health care centres as an approach moving forward? Is that something you see as a model?

Dr Wooder: On a personal level, I've practised in non-fee-for-service payment models since 1990. I'm strongly supportive of them. The Ontario Medical Association supports the right of a physician to choose the payment model of his or her choice. We've certainly been very co-operative in developing alternate payment models—family health networks and family health groups—and our members are eagerly embracing those alternatives. I'm familiar with the model you talked about in Sault Ste Marie, and I think it's a marvellous model.

Mr Oraziotti: Thank you.

The Chair: We'll move to the official opposition.

Mr Hudak: Thank you very much for the presentation today. A couple of quick questions and then a more general one. I think one of the difficulties the opposition has had is discerning exactly what the government's plans entail. There seems to be a different idea that the finance minister or the Premier puts forward every day, whether it's intentional or not. One of the ideas they keep talking about is significantly increasing the fees that seniors pay for their drugs or delisting drugs from the Ontario drug benefit program. What's your view, as a medical practitioner, of this proposed policy by the government?

Dr Wooder: To be honest, I'm not familiar with the policy you're talking about, so I don't want to comment on it.

Mr Hudak: I'll be more clear: The Premier and the finance minister have talked about increasing the fees that seniors pay for drug benefits, and they're looking at delisting certain drugs. In politics, we call this a trial balloon. You put it out there and see how people react. So I'll put it to somebody in the medical field: How do you think that would impact patients?

Dr Wooder: I don't know the details of how it would be implemented, and I suppose it's in those details that my answer would lie. I wouldn't like to see a policy put in place that acted as a barrier to anybody getting proper therapy.

Mr Hudak: If you don't want to comment, you don't need to. Currently if seniors are over a certain income level, they have a \$100 deductible and then pay \$6.11 per prescription; the rest is covered by the taxpayer through the Ontario drug benefit program. Low-income seniors don't have the deductible and pay \$2, I believe, per prescription. The proposal would be to either raise the deductible or raise the fee you pay each time you go in for a prescription, or to delist drugs to try to control the cost in that program.

Dr Wooder: Again, it's the details, like which drugs would be delisted. There are certain drugs now that the Ontario drug benefit program will not cover or will only cover under special circumstances through a limited-use program or on special application. In my view, some of those drugs are crucial and the inability of some seniors to access those drugs has a negative impact on their care. Making a longer list of drugs wouldn't seem appropriate to me. Again, I would have to see the list of drugs.

Mr Hudak: The last question—I think I'm running out of time. We've seen an increase in nurse practitioners

going through the graduate program currently. How do you see the role of nurse practitioners developing over time, particularly with respect to working with family doctors?

Dr Wooder: I think nurse practitioners are one example of lots of other providers who work in collaborative teams, not just with family physicians but with all physicians. In my office I work with a mental health worker, a dietician and a nurse practitioner. We have a very good working relationship. We all provide skills to the team that are within our scope of practice, training and interest. One of the things that makes that possible, of course, is the funding mechanism. Certain physicians have that option. Certainly physicians who are practising in the fee-for-service environment don't have that option—not just nurse practitioners; all kinds of other allied providers. There is a tremendous potential.

The Chair: Thank you for your presentation this afternoon.

ONTARIO ENGLISH CATHOLIC TEACHERS' ASSOCIATION, NIAGARA SECONDARY UNIT

The Chair: I would call the Ontario English Teachers' Association, Niagara secondary unit, to come forward, please. Good afternoon. You have 20 minutes for your presentation. You may leave time for questioning, if you desire. If you would, please state your name for the purposes of Hansard.

Mr Larry Newton: My name is Larry Newton, and I'm the president of the Ontario English Catholic Teachers' Association, associated with the Niagara secondary unit. Thank you, Chair and members of the committee, for providing me with the opportunity to address you this afternoon.

As a practising teacher for some 37 years, I understand the pressures of addressing a last-period-of-the-day class. I also, secondly, thank you for that opportunity, since it's getting close to the end of your day.

The Niagara secondary unit of the Ontario English Catholic Teachers' Association represents over 500 secondary teachers employed by the Niagara Catholic District School Board. The teachers I represent teach in eight high schools—adolescent day schools as we refer to them—and five adult learning centres.

I personally am in my 36th year of teaching. I'm currently on a leave of absence so that I can perform my duties as a representative of those teachers.

Let me begin my remarks this afternoon by reminding us of the opening remarks of Dr Rozanski in his Report of the Education Equality Task Force released in 2002: "When considering Ontario's education system, the funding formula, and my recommendations, I took the following points as 'givens':

"Education advances the well-being of individuals in society and of society as a whole....

"Adequate funding of public education is a high societal priority. However, the amount of funding the

public is called upon to invest ... cannot be considered limitless.

"The education funding formula is a tool for advancing these goals."

Dr. Rozanski went on to say, "By the end of the process, however, I had refined my understanding of the goals and structure of Ontario's education system, based on everything I had read and heard. As a result, I also refined and expanded my list of principles. I believe that the process for funding public education in Ontario should be guided by the following interrelated and interdependent principles." I have listed them on page 2. My comments this afternoon will centre on the first and second of Dr Rozanski's principles; namely, the adequacy and affordability of funding in the province of Ontario with respect to elementary and secondary school education.

There have been many studies. The one I quote is *Closing the Education Gap: Benefits and Costs*, by the Rand Corp. To get a flavour of that report, I quote three paragraphs, but let me just repeat part of it this afternoon:

"The positive effect of education on individual wages and income is substantial and well documented. Far less attention has been given to the public benefits of education, ie to the fact that education is a public good whose benefits accrue not only to the individual attending school but to society as a whole. This public return to education provides a rationale for government support of education; in fact, most education, at both the JK to 12 and post-secondary levels, is paid for by tax revenues."

In a report titled *The Early Years Study Three Years Later*, the authors Margaret Norrie McCain and J. Fraser Mustard quote Heckman, the 2000 Nobel prize winner in economics when he states:

"The best evidence suggests that learning begets learning. Early investments in learning are effective. Much of the recent emphasis on lower tuition costs for college students is misplaced when the value of early preschool interventions is carefully examined."

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He goes on to say, "The returns to human capital investments are greatest for the young for two reasons: (a) younger persons have a longer horizon over which to recoup the fruits of their investments and (b) skill begets skill. Skill remediation programs for adults with severe educational disadvantages are much less efficient compared to early intervention programs."

These observations are confirmed in a further study referred to as *Assessing Costs and Benefits of Early Childhood Intervention Programs*, in which three programs in particular were studied with respect to the cost of those programs versus the benefit of those programs. I quote from the Chicago Child-Parent Centers. These studies take two distinct groups: young children who had the advantage of early intervention programs and those who did not. They indicate that over the course of a lifetime, the cost to those students who eventually become adults whose needs have not been addressed in an early intervention manner has a huge impact. The cost

in Chicago was about 3.7 to 1, and in the prenatal/early infancy program in New York it was 5.1 to 1.

Education, more than ever, is the key to a person's lifetime economic prospects as well as to making the most of one's talents and interests. Indeed, because the world is rapidly changing, while the returns to those students who are attaining a high level of education have increased, those associated with the lack of such an education have diminished.

With those comments, I believe I have set the groundwork. Let's now return to Dr Rozanski's first two principles, those of adequacy and affordability. Dr Rozanski identifies what he means by "adequacy" as he attempts to answer the question, "Is the funding formula in the province of Ontario providing sufficient funds for the goals and the expectations of that system as we've set it as a society?" In assessing the adequacy—or, to be more precise, the inadequacy—of funding, Dr Rozanski was clear. His final report contained 33 recommendations which quantified the degree of inadequacy.

To further weigh the inadequacy of funding in Ontario's schools, we turn to the annual tracking reports of People for Education. People for Education, as I'm sure I do not have to remind anyone at this table, is a not-for-profit group working in support of fully publicly funded education in Ontario. Their reports track the effects of funding and policy changes at both the elementary and secondary levels.

The first quote I have is from the most recent secondary tracking report, released in 2003, and it says, partially, "The results of this year's secondary school tracking survey show that high school has become a harsher environment for students." Likewise, their elementary tracking report for 2003, which we find on page 5, and I quote in partial reality, says that, "Results from this year's survey clearly illustrate the flaws in Ontario's education policy—it is not based on coherent educational objectives, funding is insufficient and funding is not distributed across the province."

While these comments on the inadequacy of current funding are damning, it gets worse. The Ontario Institute for Studies in Education at the University of Toronto released a two-part study that was referred to as *The Schools We Need*. In the section on adequate and flexible funding, the authors provide the following advice: "There are serious problems with the current funding of education in Ontario. First, the funding formula does not provide the resources that are needed and that are possible in Canada's richest province."

Of equal and more immediate distress are the findings of Dr Alan King, Queen's University. Dr King's reports on the double cohort paint a bleak picture regarding the large number of students who will not graduate from the province's secondary schools.

The integrity of the aforementioned commentators, combined with their irrefutable observations and recommendations, allows only one conclusion. By any definition—and, more importantly, by Dr Rozanski's own definition—the current funding as provided by the province's funding formula is inadequate.

Then we come to the question of affordability. If we have established that the funding formula is inadequate, can we afford to make-up the difference? Again we refer to Dr Rozanski as he makes the observation about adequacy and affordability. In his process of coming up with the recommendations, he had 25 days of presentations and received 777 submissions. I was privileged to be one of those submitters in London. The chart on page 7 summarizes the three-year rollout of the cost of implementing the Rozanski recommendations. But the question still remains, can we afford these increases?

To get assistance in determining the affordability of such costs, we must look at the province's fiscal resources. Chart one on page 8 outlines the actual funding for education over the previous decade, from 1994 through to 2002-03, and the projected funding into the 2005-06 year. The source for that information is either the Ministry of Education or the budget that was released in 2003, with reference to paper F for any projections. We also see on the far right-hand column the Rozanski recommendations for those same three-year rollouts.

But that just tells us the funding. Can we afford it? One way of establishing the province's ability to pay is to look at the province's GDP. On page 9, I've produced a chart which does that very thing. We take the same years, and take a look at the actual amount of funding that was available for the educational system. We look at the provincial GDP in that year and then express the funding in education as a per cent of GDP. If we look carefully at the second-last column on page 9, we see that those percentages have diminished over the years. But at the same time, the province's ability to pay, namely the GDP, has increased.

It would appear from the data that historical funding levels existed in Ontario in excess of the levels required to meet the recommendations of Rozanski. Funding prior to 1999 exceeded the 3.28% of GDP required to implement Rozanski in 2003-04. In point of fact, if funding were to remain at projected levels, namely \$15.3 billion, ground would be lost in funding Ontario's schools, and that loss, compounded over the two years, would have Ontario's schools worse than the pre-Rozanski levels.

But we still have to deal in a political reality. What of public opinion? Then we turn to the Ontario Institute for Studies in Education, and they produce on a biannual basis a study referred to as the public attitudes toward education in Ontario. I've quoted three charts that indicate that over the time from 1984 forward to 2002, there has been an ever-increasing appetite for increased funding in education and, surprisingly, an increase in taxing to support that, which I'll let the committee look at at its leisure, because I want to leave time for perhaps a question or two.

In conclusion, on my last page, I'd now like to simply review what I hope I've managed to produce here this afternoon. At the beginning we were asked to consider two aspects of the funding formula: Is the current level of funding adequate to meet the objectives school boards, teachers and students are being asked to achieve and,

second, will the fiscal resources of the province bear the costs of the necessary increase?

In summary, the four points are: Dr Rozanski collectively placed evidence before us that establishes beyond a doubt the inadequacy of the current funding; historical funding levels, combined with an increase in GDP, establishes the province's capacity to pay the necessary increased costs; growing bodies of data, including those presented by Dr King and People for Education, among others, indicate the desperate state of the major aspects of our education system; and public opinion, as measured by the Ontario Institute for Studies in Education and the most recent provincial election, speak to an appetite for change in funding.

It would appear that we have no choice but to incorporate to their fullest extent the recommendations of Dr Rozanski and fund education to the levels appropriate to attend to current challenges and meet the goals of high program quality, high levels of student achievement and continuous improvement that we have set for ourselves and the young people in our charge as teachers in the province of Ontario.

Thank you again for your time and for your attention.

1500

The Chair: Thank you. We have about two minutes each, and the rotation starts this time with the government.

Mr Craitor: First of all, thank you very much for your presentation. I was sitting here listening to you, and I was thinking that for the last three weeks since we've been back in our ridings, there hasn't been a day gone by that I probably haven't had eight or nine groups in teacher organizations and many of the non-profit groups. I feel like I'm listening to them all over again. I'm sitting here just in amazement of what seven, eight or nine years have done to these organizations.

We as a government are trying to deal with all of them, because there are other organizations in the same position. They've gone through the last seven or eight years with a lack of funding or decreased funding. Based on what you said to us—and we've asked this of some of the other organizations—if we can't implement everything, from your perspective, what would be the best that we could put on the table?

Mr Newton: I think we have to refer to the experts who are telling us that. Dr King from Queen's University has clearly pointed out that there are severe numbers of students at risk in our secondary schools, students who, if we delay responding to their problems, are not going to be in the schools any longer.

We've always had grade 12, but we don't have the same students in grade 12. We have to address the needs as the experts identify them. It's like triage; you have to identify the needs that are there. I believe that Dr King would be a good source to find that information. His reports are public record. The People for Education have identified that; Dr Fraser Mustard has identified that in his report.

Clearly we have students at one end of the system who are crying for need, and we have needs for intervention,

identification of special-needs students, at the incoming years and even preschool. I referred to that in my report. Those would be the two areas that, in an atmosphere of reduced resources, for the short term would be the areas that I would suggest we turn our minds to.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you, Mr Newton, for your presentation. It brings back fond memories, because I was a separate school trustee for a number of years and know how far you've come. I was there in 1982, when Bill Davis actually extended funding to the secondary panel in separate schools or Catholic schools, again when we, under the development of a student-based funding formula, fully acknowledged the Catholic school system, which you're a net beneficiary of. It's good to have you say that on the public record. I'm just reinforcing it. We've come a long way together. Maybe that's not the spin you want on this, but that's how I see it.

We've pretty well adopted or had committed to adopting Rozanski. On the spending review, I'm pleased with your presentation. I see there that it refutes all the arguments that we cut funding to education. It showed that it increased from around \$12 billion to about \$14 billion over our term of office, so people like Annie Kidder who said we cut the heart out of education aren't neutral, in my view. So it's good that you have provided clear information from the public accounts that we have increased funding for education; and equity in education too, the broader issue of including separate schools. For years, many different governments, including the Liberal government, failed to recognize that. In fact, they probably, if I could expand on that, would like to talk about eliminating—they'll probably go back to the confederated school boards. They should be working very closely to make sure they don't just amalgamate in some way.

The other part, the last part, the danger at risk: the most recent comment in the papers from the professor from Queen's—my wife's a teacher and my daughter's a secondary school teacher.

Mr Wilkinson: What's the question?

Mr Oraziotti: Is there a question in there?

Mr O'Toole: There's a question in there. As long as you're listening, you'll probably pick something up, John.

The key here is that we were very flattered in Durham, because the leader of the curriculum review committee was none other than the director of education for the Durham District School Board, Pauline Lang. All of the curriculum writers, the team leaders, all those teachers—John Snobelen did not write the curriculum. It was written by teachers. I could name you the head of each curriculum team. My question is, are you saying that the—

Mr Peterson: Time's up.

Mr O'Toole: Pardon me, Chair. The question is this, and it's a fair question: Are you saying that the teachers who wrote the curriculum did a bad job? It was teachers who wrote it, not Mike Harris.

Mr Newton: I understand the question, but—

Mr O'Toole: I'll get you the names, and I'm going to write them a letter about what you say.

Mr Newton: I'm very familiar with it, and I don't want to be argumentative, but—

Mr O'Toole: It was written by teachers, remember.

The Chair: Mr O'Toole, the gentleman is trying to answer. Go ahead, sir.

Mr Newton: Thank you, Chair.

Mr O'Toole: It's a fair question.

Mr Newton: I understood the question. I wonder if it would be appropriate for me to unqualify the earlier comments that the paper I presented this afternoon in any way supports or verifies that the previous government has met or intended to meet the costs associated with providing education in the province of Ontario. I want to be clear on the record that my purpose here this afternoon in no way supports the previous government's position, as documented on page 8, against Rozanski. I did not spend two weeks in November 1998 protesting Bill 160 and predicting these very same difficulties I'm talking about in 2004 to have in any doubt the position I'm taking here this afternoon.

Now I'd like to answer the question. The curriculum that is written by teachers and implementing that curriculum are two different pieces of work. Curriculum writing and curriculum implementation and the support of curriculum implementation are two different issues. Professionals can write curriculum, but just as we've heard all afternoon—the doctors who spoke earlier are well trained. They know exactly what to do, but they do not have the resources to meet the needs of the special patients who are in front of them.

The Chair: Thank you. Perhaps you can elaborate in a follow-up question put by Mr Prue of the NDP.

Mr Prue: I'm going to get to my question pretty fast. You have talked about the need for additional funding, and can we afford it? You've made a very good case in terms of the GDP, which I think should be highlighted and is important. In terms of our gross domestic product, we are underfunding education. But the question will have to come, and this government is going to have to determine, do they keep the promise to the Canadian Taxpayers Federation and say there will be no increases in taxes, or do they in fact do what they promised to do for education; that is, increase funding and follow Rozanski? I'm putting the question to you. I think they have a very difficult decision to make and I think it's going to be very hard on them, but I want to hear from you. Is the option of not increasing the taxes, of not having enough money to pay for the education, really on the table?

Mr Newton: I don't see how anyone could look into the eyes of the grade 12 students or the students in the junior grades and say that the responsibility of the elected government is to the taxpayers' association as opposed to those students in particular. If it's necessary, if in budget deliberations—and that's what you're doing now—it isn't a matter of reshuffling current resources, which it doesn't appear to be because of the deficit as we've seen it, then I would suggest we must turn to the area of

increased revenue, and perhaps that would indicate a tax increase.

Mr Prue: The country of Ireland has done an amazing job, coming from being the basket case of Europe 20 years ago to being probably one of the strongest economies today. It did it in a couple of ways, but one of the key ways was by putting all of their resources, or a huge amount of resources, into education, everything from preschool to post-secondary education, which today is free. Do you think that is what the government of Ontario should be doing, looking at the long term for 20 years, as opposed to just worrying about this particular fiscal year?

Mr Newton: Absolutely. As soon as they eliminate the word "cost" of education and replace it with the word "investment" in education, I think our problems are solved.

Mr Prue: Mr Chair, I don't want to take more time than I'm due. Do I still have more time or not?

The Chair: Actually, you do not.

I want to thank the presenter for being with the committee today.

Is there a representative here from Family Services Hamilton? Seeing none, our 3:20 and 3:40 deputants have cancelled for today.

1510

Mr Hudak: On a point of order, Mr Chair: I think because of the weather we had some groups that were hoping to come but couldn't arrive. Having just come through that weather myself, I can understand.

The official opposition did have some motions based on what we've heard today that we would like to put before the committee. Second, I know that time is always limited on these committees. There are more groups that want to speak than are able to do so, and sometimes, despite efforts through advertising to attract groups, other groups miss the deadlines. There are a couple of issues I want to raise as motions for the committee to consider, and, if they agree to the motion, then obviously for the finance minister to consider. I would like to move some of those motions at this time.

The Chair: You're asking for consideration of a motion?

Mr Hudak: To put a motion on the floor, Mr Chair.

Mr Craiton: Do we have copies?

Mr Hudak: Because of the time, we are scrambling to put out the copies right now. We thought we had a bit more time. That's why I raised the point of order, thinking we still had time to put them in type and distribute them. We have one, but there are some others that have not been typed up yet.

The Chair: Would you care to put the motion so that we know what it is you are speaking of?

Mr Hudak: I move:

That the standing committee on finance and economic affairs endorse the notion of a tag-sticker program for seasonal recreational vehicles as per the presentation from Sherkston Shores campground;

That the committee shall also direct the Minister of Finance to stop this government's policy of retroactive

taxation, and furthermore place a moratorium on the collection of property tax from the owners of recreational vehicles and campground owners until such time as the matter surrounding property tax on recreational vehicles has been resolved.

The Chair: The motion has been put. I want to inform the mover and the committee that generally motions of this type are put at the time of report writing, and the subcommittee has agreed to a date for that particular report writing. That is when motions of this type and recommendations are discussed.

Any other comments?

Mr Craitor: That's my understanding as well. That's how we handle it. It's a good motion and, at the appropriate time, one that we would support. I think a lot of the members around the table probably aren't as up to date as you and I on the local situation with Sherston Shores and a lot of the other local trailer parks that have gone through this as well. It's a very good motion.

The Chair: Do you have a point, Mr Hudak?

Mr Hudak: Yes. I appreciate your concern, for a couple of reasons. First, Sherston Shores was here today and I think we wanted to move the motion at the time of the presentation, but it was suggested that we would do so later in this session here in the Falls. I think at least one representative is still here in the audience.

Second, as the Chair knows, I have been substituted on this committee here in Niagara. I'm not a regular member of this committee, and as such I may not be there as a voting member when you are writing the report.

That's why, for those two reasons, I thought it was important to move that motion at this time. I'd also like to call for a vote on that motion at this time.

The Chair: Is there further debate?

Mr Colle: Mr Chair, as you know, there is a process of consultation that this committee is embarking on. As we go across the province, we get recommendations from presenters on things they would like the government to do, to undertake, to examine, to change. We take in those presentations, and at the end of the process, as agreed upon by the subcommittee, there is then time for the report and consideration of all the motions. That is the process we agreed upon and that committees have always undertaken in dealing with pre-budget consultations. We're going to get many more motions, many more requests, and I think we should deal with them all equally.

The second thing to keep in mind, and one of the reasons I think it's very important to follow the process, is that there are going to be suggestions or presentations made by individuals or groups that may be very reasonable on first blush, but it's important for the committee to get proper comments from the Ministry of Finance. Especially in this case here, it affects the Ministry of Finance, the Ministry of Municipal Affairs and also dozens of municipalities that were in court seeking the right to assess trailer parks.

One city in particular, the city of Sarnia, won a judgment in the Ontario Superior Court of Justice in 2002

that allowed it to assess the trailer parks outside of Sarnia—Blue Water or whatever, the famous Blue Water case. So I think it's incumbent upon us to ensure that we hear from the city of Sarnia, the dozens of other municipalities which also were in court trying to get the right to assess trailer parks and also the impact of a court decision. Are we now in this committee going to decide on a whim to overturn a court decision which gave municipalities the right to assess or allow MPAC to assess trailer parks? They won that right in the court of justice.

So I would certainly like to defer motions like this, and many are going to come, until we get some kind of input from—and I'll move a motion to defer this until the appropriate time, until we get a report back from the Ministry of Finance, the Ministry of Municipal Affairs, the city of Sarnia and all affected municipalities and also the Municipal Property Assessment Corp, so that we as a committee, before we recommend something to the government, to the Ministry of Finance, have all the information before us.

I think there is good reason why these protections of doing due diligence are put in place for this committee—not to do things that, as I've said, on first blush, seem like good ideas. I think there is a good idea here. I would like to get information and see the impact on the tax assessment base of municipalities if this tax system were put in place. But don't go there until you get the information. That's why we've got a good system in place which protects us from making decisions which in essence shut out the affected parties and give them no say in the government action.

Let's not ride roughshod over all the people who were in court, all the municipalities that had good reason, probably. I'd like to hear the reason why they took these trailer parks to court. The court decision, I think, verified they were correct in doing so. Let's wait till we get the information. At report time, we can consider all the information.

Mr Prue: I'd like to speak about the deferral, if I could, Mr Chair. This is in fact a two-part motion, and I have no difficulty in the deferral of the first part of this motion, because the first part of the deferral simply asked us for a tag-sticker program that's going to need some work.

But, with respect, I do have some difficulty deferring the second part. This is not a situation that should not be started on a resolution today. I mean, these are people who are effectively having to come up with taxes for the 2003 year after the fact. They're having to search down trailer users in parks who have long since gone. There's something inherently very wrong. I suggest that it would be very easy for this committee not to defer that and simply by changing one word, assuage all of your fears—all of them. I think what's important is to get this to the minister. This committee is not going to be able to change anything. If you simply change the word in the second part, that the committee shall also request that the Minister of Finance stop this government's policy of

retroactive taxation, then that can get right to the minister today. The minister can start acting on it, and we can have time to study it between now and March 10, when it is done. I think that would help the trailer park owners, that would help to get this rolling and it would also allow for the full development of the policy later on. But I think that it is important for this committee to send a message today to the minister that we have heard a very strong presentation that is crying out for action, that quite simply cannot wait until the budget.

1520

Mr Craitor: I just want to share a couple of things with the committee. Obviously we can deal with this and put it as a motion, and then we'll sit and wait for the reports to come out. I don't know how long that will take, but I suspect it will take a period of time.

But, as opposed to doing that, I'm going to tell you what we've already done, because this is significant. I already know that the trailer association, through the PA for Jim Bradley, has spoken to Tim. I know they've spoken to Mr Bradley today. I have already sent some correspondence up to the minister's office, indicating that I would like the finance minister—asking him to consider extending the regulation to cover 2003. As you probably know, for 2001 and 2002, they are not going to go retroactive with those taxes or assessments. I've asked them to consider applying 2003. We'll see what happens.

We're making every effort to get the information given to us today—we received it—go directly up to the finance minister. I think it's significant enough that we're doing it now, rather than sitting and waiting. We can put this on here, and we can pass it. Again, it will be two weeks, three weeks, four weeks before the report comes out. If we're going to deal with it and come up with a solution, we can deal with it in the way that I'm suggesting.

I know other MPPs who are in a similar situation—and myself. They have trailer parks that are being adversely affected. I can tell you there are people in Niagara Falls who have trailers in Peterborough. We have been trying to assist them through Jeff, our local MPP in Peterborough. So we're doing the same type of thing. We're not sitting here waiting for something to go through a committee. We've been actively trying to get the information, as I said, to the finance minister's office so they have an opportunity to look at it and determine the best way and the fairest way.

I was really excited today to see a proposal put on the floor, the tag proposal. It was nice to see the industry come up with something that maybe we can buy into. I was pleased to see that.

The Chair: As a point of information, the report should be finished by March 15.

Mr Hudak: I appreciate my colleague Mr Prue's presentation. I would agree to an amended resolution, changing the word "direct" in the second paragraph to "request." To solve problems on the government side, if the Minister of Finance or his parliamentary assistant wanted to report back to the committee in advance of the

March 15 deadline on where they stand, I think Mr Prue and I might agree to that as well.

The concern I have is that if this committee allows itself to be pushed around, we will never have an actual report back from the Minister of Finance or the Minister of Municipal Affairs; if we don't request that they come forward with these proposals they're considering, then the committee will probably never get a chance to look at any proposal other than Sherkston Shores. So either we should support the Sherkston Shores proposal or make sure that the Minister of Finance reports back on other options they're considering, so that we can put that as part of the report for March 15.

Mr Peterson: It strikes me that this is not the appropriate place for this committee to try to give the Minister of Finance specific recommendations at this point. In any legislation, he's considering sources of information, not just ourselves, but four or five others. Of course I wouldn't want to impugn motives, that they're trying to embarrass us, but for us to start directing and stopping policy initiatives, at best we should have him—I think Mr Craitor has taken most appropriate action. He said we should look at this problem, that this could be a problem for the constituency, and let the ministry that administers it come back to us at the appropriate time.

Ms Marsales: I appreciate the efficiency that's being offered by the two parties, but I'm afraid I don't agree with making a decision at this stage. I, for one, don't have enough information, and I do have an appreciation for the impact of the change on the Municipal Property Assessment Corp as well as a number of other issues it would impact on. I would like it to go through due process and I would like to avail myself of all that additional information before being put to a question.

Mr Hudak: To my point, if the government members are concerned about not having information from other sources, then let's compel those sources to give that information to the committee well in advance of March 15. If we're going to make a recommendation on what is a very real and serious issue across Ontario, particularly as we head into the summer season, it's only reasonable to assume that we would have information from those who have other proposals.

Chair, I would be willing to bring this motion back at another time if I can be guaranteed that the Ministry of Finance and the Ministry of Municipal Affairs will present other options for the committee to consider.

I just have a great concern that we'll push this off and see no action from the Ministries of Finance and Municipal Affairs. I think we need to compel them to present other options. Then the committee can judge and decide which option makes the most sense for this important employer, not only in my riding but in Ontario.

The Chair: As a point of information on Mr Hudak's comment, written submissions can be accepted until February 13.

Mr Colle: Mr Chair, the information should be complete, and I hope that as soon as the affected parties are given opportunity to give us information—we should not

preclude what they are going to say or do because in terms of fairness, again, this is not affecting just the Ministry of Finance; this is affecting dozens of municipalities who fought for a change and got it through a court action. The previous government in fact allowed the court decision to proceed, and they did not intervene. It was this government that just recently stopped and changed the previous government act in the Assessment Act, which was going to increase and include assessment of trailer parks retroactively to 2001-02. The minister, in his wisdom, said, "This is not right," and he altered that position of the previous government, which was going to retroactively cause a problem, never mind the problem they have now. So we did it for the current assessment year that was already in process. When they were in power they did not move at that time to help the trailer park owners, whom they want to help now and refused to listen to at that time.

We are going through this with our due diligence because, as I said, it's not just the ministries affected. There is an effect on taxpayers across Ontario who are in a similar situation, and these are the municipal property taxpayers who have been involved in this debate over the assessment of trailer parks for over a decade.

The courts have ruled. Before you jump to conclusions and direct the minister, get the information from the city of Sarnia, the position of the dozens of other municipalities, AMO if you want, and certainly from the Ministries of Municipal Affairs and Finance. Then you can come up with an intelligent answer based on all the information that you get from the appropriate sources.

If you just make a decision to direct the minister based on one deputation, I wonder where we'll be by the time we get through this process at the end of the month. There are rules to protect all parties so that we don't go off half-cocked like the previous government did and not listen to other affected parties. There are thousands of other affected parties here and a court judgment. So I say be cautious.

I'm moving an amendment to defer the motion until we get that information and we get input from not only the ministries but the affected municipalities to give us their assessment or their evaluation of what this would mean to them, and their comments on this proposal about this tag system. Let's get all the information on the table before we move ahead.

1530

Mr Hudak: It's a fair request to say, "Put your money where your mouth is," so to speak. If you want to hear from finance and municipal affairs, MPAC and dozens of municipalities, which municipal affairs I think could gather, why not give them a deadline so they get their information to the committee well in advance of the writing date, so that all members of the committee can read all of the information and look at the options?

If you want more information, that's fine. My worry is that you're not giving a deadline, so it could be next year when that information comes forward; it could be June. I think it's important, if we want to empower the role of

committees, that we should have that information back for all members to consider well in advance of March 15.

I'd suggest, if we're going to defer this motion, that the submissions on this issue by the Ministry of Finance, the Ministry of Municipal Affairs and MPAC should be to committee members by the deadline of February 13.

Mr Colle: The previous government had eight years to fix this problem. There were no deadlines; in fact, they allowed it to happen. Now they're asking us as a committee to put in deadlines—again, not only for the ministries. I want to hear from all the affected municipalities why they went to court and what the basis of their court proceedings were. I'd like to read the court judgment, in fact. I would like to hear from those mayors. I would like to give them that opportunity in due time. Again, this is part of our process of giving the minister the full package of information and recommendations at the beginning of March.

It is not for this committee to put deadlines on things. We have a deadline, and it's part of the subcommittee report. That's what we agreed upon. If we start making off-the-wall, half-cocked rules on every presentation, you can imagine where we'll be at the end of the month or going into February and what kind of integrity we'll have in the process.

Mr Wilkinson: I just want to comment on the fact that the people from Sherston Shores came here today, and that they tried to come up with a better way to solve what they feel is an inequity is wonderful. That's what this committee is for. I think it's the first time in years that the government of the day has gone to people and said, "Here's yet another avenue to come in and give us input."

But for this committee to direct the Minister of Finance—this committee advises the Minister of Finance. We don't direct or tell the Minister of Finance what is government policy. We are a committee. I think it's important. Knowing full well that a representative of the Ministry of Finance comes with our committee, I'm sure that very competent person would make sure that this issue is in front of the minister. That's the way our system works. But we shouldn't preclude what it is that this committee is supposed to do.

I agree with Mr Colle that we have to be very careful that we're not just swept up with the moment and not giving the minister the best advice we can as a committee by hearing all sides.

Mr Hudak: I think it's very simple. There are members of the committee who have been around longer than I have. I think we all know that when the budget is brought forward, that basically commands the government's priorities for the upcoming fiscal year, and I think this committee plays a very important role in giving advice to the Minister of Finance on what that budget should contain.

I think this is a very important issue, and it seems like all members of the committee agree this is an important issue. Therefore, if we're going to make a recommendation, as this committee has been charged to do for the budget, it seems reasonable that we should do so based

on information that we have by that February 13 deadline.

I don't think I'm asking for something that's out of this world. The committee members are interested in this policy change. They recognize there's a problem. We have a report to write and submit, I think by March 15. So why is it unreasonable to ask for the involved ministries to give us their submissions on this particular topic so we can give an informed recommendation to the Minister of Finance in charge of this budget? I worry that without any kind of time frame we'll be batting this one about for years.

I would agree to deferring the motion, provided I can be guaranteed that all members of this committee will get a report from the Ministry of Finance, municipal affairs and MPAC as to what other options exist to solve this problem. Then we can decide, with full knowledge of the issue, whether the Sherkston request is the best one or if it can be changed.

The Chair: As a committee, we can request the minister to provide information.

Mr Wilkinson: When the person making the motion wants to defer.

Mr Hudak: I'm trying to find something that you guys will agree to, because I want this to be considered. You suggest that you're interested in this but you need more information. So I say let's get the information. I would suggest we request the Ministry of Finance, the Ministry of Municipal Affairs and MPAC to deliver us their views on policy and options in advance of the February 13 deadline.

Ms Marsales: On a point of order, Mr Chair: One of the deputants is here, and she has driven a long way. Can we get on with this hearing?

The Chair: Members want to debate the issue that's on the floor, and that's what we must deal with now.

Mr Hudak: On a point of order, Chair: We have a series of motions, one on top of the other. The first one, which will influence how Mr Prue and I vote on subsequent motions, will be my motion that the committee request the Ministry of Finance, the Ministry of Municipal Affairs and MPAC to present options on the Sherkston Shores issues before the February 13, 2004 deadline.

The Chair: Now you have another motion, Mr Hudak. Are you withdrawing your first motion?

Mr Hudak: I'm trying to find a compromise so I can get movement on this particular file, so I can examine it.

The Chair: You have the right to withdraw your first motion if you so choose.

Mr Hudak: The first motion is my preference, but if the government members want more information on this particular issue, then I suggest that we compel those ministries to do so before February 13.

The Chair: Further discussion?

Mr Craitor: For the benefit of the committee, I don't need a motion. I'm not going to support it, because I'm not going to sit back and wait till the 13th. I'm pushing it forward now, Tim. I know you're sincere about this, just as I am. The same as you, I'm doing everything I can

think of, talking to other MPPs who are affected and asking them to get in touch. I have expectations that the minister will come up with a solution on this. We've got one option. I don't need to wait for them to do that.

The Chair: For the information to the committee, I'd like to read standing order 106(d):

"Standing committee on finance and economic affairs which is empowered to consider and report to the House its observations, opinions and recommendations on the fiscal and economic policies of the province and to which all related documents shall be deemed to have been referred immediately when the said documents are tabled."

So we are now dealing with the amendment to change the word "direct" to "request."

All those in favour? Opposed?

Interjection.

The Chair: We are dealing with the amendment to change the word "direct" to the word "request" at this point.

1540

Mr Craitor: Can you read the motion?

Mr Hudak: Recorded vote.

The Chair: All in favour of the amendment?

Clerk of the Committee: Mr Hudak, Mr Prue.

The Chair: All those opposed?

Mr Oraziatti: Mr Chair, on a point of order: The first motion has no date on it. Is there a date on the first motion, and can I ask that the first motion be read?

The Chair: The motion on the floor is to amend the word "direct" to "request."

Mr Oraziatti: There is no particular time frame here. It's simply to request information from the ministry? Thank you.

The Chair: We will start over. The amendment is to remove the word "direct" and to replace it with the word "request." We're going to do the vote again, Mr Hudak.

The amendment is to remove the word "direct" and replace it with the word "request."

Mr Hudak: I so move.

The Chair: It's on the floor. Recorded vote.

Ayes

Craitor, Hudak, Prue.

Nays

Colle, Marsales, Oraziatti, Peterson, Wilkinson.

The Chair: It is defeated.

Now to the main motion, which is the original motion without change. Recorded vote.

Ayes

Hudak.

Nays

Colle, Craitor, Marsales, Oraziatti, Peterson, Prue, Wilkinson.

The Chair: The motion is defeated.

Mr Hudak, would you care to restate your prior motion for the benefit of the committee, without change?

Mr Hudak: Of course: That the committee request the Ministry of Finance, the Ministry of Municipal Affairs and MPAC, the Municipal Property Assessment Corp, to submit by the February 13 deadline their views on the Sherkston Shores request, the government's position on the Sherkston Shores request.

The Chair: Any debate? Seeing none, all in favour?

Ayes

Craitor, Hudak, Prue.

Nays

Colle, Marsales, Oraziotti, Peterson, Wilkinson.

The Chair: The motion is defeated.

Mr Colle: With unanimous consent, I would like to put a request on the record, to direct that this submission by the deputant, Sherkston Shores campground, and its request to introduce a tag sticker program for recreational vehicles and also the request of the campground to ask the minister to stop this policy of assessment, be referred to, first of all, all the affected municipalities for their comment, especially the city of Sarnia, through the Ministry of Municipal Affairs; that we get comment on this request by the deputant, as per the motion; that we get comment back from municipal affairs, from the Ministry of Finance and all the affected municipalities, to be forwarded to the committee for their deliberation, by the procedures as outlined in the subcommittee, as per normal.

The Chair: One moment.

Mr Colle has put a new motion before us requesting information from—

Mr Colle: —comment from all affected municipalities, especially the city of Sarnia, in regard to the request by this campground, as per the deputation, on those two requests they made, from all affected municipalities and municipal affairs, MPAC and the Ministry of Finance, and have those comments forwarded to the committee for their consideration.

The Chair: Any debate?

Mr Hudak: I appreciate my colleague's request for more information, which is fine. I think all members should consider information. They may not have this issue in their riding, as I do.

The only request I have, and maybe I missed it, is, are we putting a deadline on those responses so that the committee can consider them and make a recommendation in time for the budget?

Mr Colle: Yes. That's assumed.

Mr Hudak: Maybe we could be clear, Chair, on the time frame when we're asking these groups to report back to the committee.

The Chair: An amendment for clarification of the date could be put by any member of the committee.

Mr Colle: We could say, "As required by this committee to make a submission to the minister."

Mr Prue: Which is? Just say it out loud.

Mr Colle: I don't want to, because the problem, Mr Prue, is there may be some municipalities that may not be able to meet that date. That's why I want to leave that date open. I want to consider their input. I don't want to shut them out.

The Chair: My understanding is that the motion would have no date put to it unless it was amended.

Mr Colle: Right.

1550

Mr Hudak: I appreciate that we want to hear from municipalities that are affected. It's a fair point. I think it's important for the committee to be clear as to what that date should be, so municipalities can act toward that. I have a concern, as I think my colleague Mr Prue does, that if you leave an open-ended date, the committee won't be able to make a recommendation on it. If my colleague has a date that he wants to recommend—if not, I could move an amendment to the motion for a date. But in the interest of a compromise date that he wants to—

Mr Colle: If they don't make a submission, they're not considered. If they're going to be asked to make a presentation, the onus is on them to make the presentation if they have an interest.

Mr Prue: But do you not at least advise them of the subcommittee date?

With all due respect, you send off and ask Sarnia for information, but you don't tell them there's a date. So Sarnia, sometime in April or May, gets around and sends you a report. Of what value is that to the minister or to this committee? I don't know that. I think that to be fair to these groups, the committee must have input by February 13 as to the subcommittee process and that we will be writing the report on March 10. That's the reality, and if they can't submit it by then, they're not going to be considered at all. They need to know that.

Mr Colle: Again, I want to give them every opportunity to inform and advise committee. We don't make a final report that's submitted until the 10th.

Mr Prue: So put down March 10.

Mr Colle: March 10? I'm not going to play with dates.

The Chair: The report writing is prior to that date, I do believe.

Ms Marsales: On a point of order, Mr Chair: It is five minutes to four, and one of the deputants has driven in nasty weather to be here and make a presentation.

The Chair: I understand your concern, but we have to deal with this matter put on the floor as it is—

Ms Marsales: Are we prepared to stay and listen to this?

The Chair: —unless we were to have unanimous consent to come back to this issue after we've heard from those who might be here.

Ms Marsales: Agreed?

Mr Hudak: No.

The Chair: I didn't hear a request for unanimous consent to do that. Do we have unanimous consent to hear the deputants who are in the room presently and then come back to this issue?

Mr Colle: Agreed.

Mr Hudak: No.

The Chair: I heard a no.

We're just checking the subcommittee report. March 10 would be the date that the report is written.

Mr Wilkinson: Two points, Mr Chair: It's incumbent upon our committee that if we're asking people to give us information, they're aware of the process and that we can give them a copy of the subcommittee reports, that they're aware of the time frames that we're under. Also, I would add that the other ministry that's affected by the request is the Ministry of Transportation. That's part of their presentation. So if we're going to get the ministries involved—finance, municipal affairs and also transportation—they would add some valuable input to this committee.

The Chair: With the report being written on the 10th of March, as I stated, it would, however, be very difficult to incorporate new information on that date. The committee might want more information. I put that to the committee.

Mr Hudak: Really, there's the February 13 date we've already discussed. That seems to have some support. I understand there's a possibility until March 10. You make a good point that that's when the report is to be written. Is there a compromise date between February 13 and March 10—say, March 1—that will meet with committee members' approval?

Mr Wilkinson: In the committee report it is clear that written submissions to this committee need to be submitted, I believe, by February 13. That's a fact.

Mr Hudak: I'll accept that. Fine.

The Chair: It is correct that the written report must be in by February 13.

Mr Hudak: I move an amendment, in light of the most recent discussion, to Mr Colle's motion that indicates the date would be February 13.

The Chair: An amendment is made to Mr Colle's motion that the information requested be reported by February 13. Any debate?

Mr Colle: Just remember that part of the changes that are made by government in this deliberation over the budget deal with the time frame of this committee. It doesn't preclude any information coming after that date proceeding to the minister for his consideration. That's why I don't want to put a date there, so that you don't say that one submission is illegitimate and the minister shouldn't consider it after the fact. That's why I'd leave it open-ended.

Mr Hudak: I appreciate the point. I don't think the committee is trying to limit when people can send submissions to the Minister of Finance for his consideration, or any other ministers. I think what we're trying to say is, because this committee has to write a report by March 10, if the committee is to make a decision and advise the

minister on this particular issue, any submissions for the finance committee's consideration should be in by February 13.

Mr Colle: We'll deal with all the best available information by that date. We do that anyway. So why do we need the motion?

The Chair: Is there further debate on the amendment to incorporate February 13 into Mr Colle's motion? Seeing none, all in favour?

Mr Craiton: On the date only.

The Chair: On the amendment, yes, which includes the date.

Ayes

Hudak, Prue.

Nays

Colle, Craiton, Marsales, Orazietti, Wilkinson.

The Chair: The amendment is defeated.

Back to the main motion. Further debate?

Mr Hudak: Just a request, through the clerk: The motion as Mr Colle has described it, what date does that compel submissions by? He mentioned in his motion something about the subcommittee report.

Clerk of the Committee (Mr Katch Koch): There isn't a date for that motion. Basically it's just asking the ministries and MPAC to provide information to the committee.

Mr Hudak: I'm trying to find a date here, Chair. Then I'll move an amendment to Mr Colle's motion for the date to be March 8, 2004.

The Chair: Further debate on the amendment?

Mr Prue: A question to the Chair: Would this require unanimous consent? I believe this has already been negotiated and is already part of the subcommittee package that has been adopted by this committee. February 13 was the date agreed upon by everyone.

The Chair: We'll take a five-minute recess.

The committee recessed from 1600 to 1606.

The Chair: Recess being completed, I call the committee to order. Mr Prue has asked if we need unanimous consent on Mr Hudak's motion to ask that the date of March 8 be put in place. Mr Prue is correct that we would need unanimous consent, because it would change the subcommittee report.

We would need unanimous consent. I remind the committee that the public knows that the last day for written submissions is February 13. So we would need unanimous consent for Mr Hudak's motion.

Do we have unanimous consent?

Mr Prue: No.

1610

The Chair: I heard a no. The motion is struck.

Now we're back to the main motion put by Mr Colle. Further debate?

Mr Orazietti: On a point of order, Mr Chair: Given the time deliberating this particular issue and given that we still have another presenter to hear, I ask that, without

further debate, the existing motion as it stands be put, that the question be put.

The Chair: A request that the question be put. All those in favour of the motion? All those opposed? Motion carried.

Mr Hudak: Is that a unanimous consent motion?

The Chair: No, you do not require unanimous consent. Mr Colle's motion has carried.

Mr Hudak: I don't think we voted.

The Chair: We voted.

Mr Prue: With respect, it was to put the question, and the question can now be put.

The Chair: No. The request was to put the question. The Chair put the question, and you voted. There is no debate on Mr Orzietti's motion. I put the question.

Mr Prue: With respect, somebody just can't say, "I want the question put," without the committee agreeing. It requires a motion to put the question. The rules of order are quite clear. It requires a motion. If two thirds of those present vote, then it can be done. It is the committee that closes down debate, not the request of one member. If this is what can be done from now on, I'm going to ask that we put the question. We're going to put it whether anyone wants to speak or not, if that's the way it's going to rule, because I'm going to do this from now on.

The Chair: Mr Prue has good advice.

Mr Colle: He was a step ahead of you.

The Chair: I stand corrected. What you voted on was Mr Orzietti's putting the question, and it carried.

Now we vote on Mr Colle's motion. All those in favour? All those opposed? Mr Colle's motion has carried.

Mr Hudak: On a point of order, Mr Chair: I do appreciate we have another presenter, and given the inclement weather—as I mentioned a bit earlier, there are other submissions or groups that may have been interested in submitting that haven't had a chance yet. I have a couple of motions to reinforce those points of view that I would like to put on the floor. Whether we vote on them today or we vote on them down the road, I think it's important that these things be voted upon by the committee.

Mr Colle: On a point of order, Mr Chair: We've had a deputant come in this inclement weather, waiting here for an hour now. I think it is really incumbent upon us to give that deputant an opportunity to make their presentation. Then we can deal with the member's attempts to put things on the record and his right to do so, which is fine. But as a matter of courtesy, I hope that we allow the deputant to make a presentation.

The Chair: Do we have unanimous consent to hear the deputant and then return to the issues that other members might have? Agreed.

FAMILY SERVICES HAMILTON

The Chair: I would call forward Family Services Hamilton. Good afternoon. I apologize to you for the committee work that was going on prior. I appreciate

your waiting and your coming to give the committee your good advice.

You have 20 minutes. You can use that time for your whole presentation, or you might allow some time for questions. I would ask you to identify yourself for Hansard. You may begin.

Ms Christine Lasebnik: Hi. I'm Christine Lasebnik, and I am the treasurer on the board of Family Services Hamilton, so I am a volunteer.

I am reading this report that was prepared by our executive director, LaFerne Clarke. She sends her regrets, but there was just no way she could make it today. We wanted to be heard, so I decided to jump right in there. Without further ado, I'll begin. If you have questions afterwards, I'll address what I can.

An agency in need and typical of the network in Ontario.

Right now in Ontario, 28,000 low-income families are so economically and socially disadvantaged that they are unable to help themselves or their children become fully participating, contributing, independent members of their communities. Trapped within a pit of poverty, they are experiencing first-hand the results of family breakdown.

Why can't they get help? Because Ontario has a two-tier system of support services for families, one for those who can pay and another for those who cannot. The 28,000 families who cannot pay for the counselling services they so desperately need and want represent 16% of 450,000 low-income families in Ontario who are the most vulnerable. They are most at risk of spousal and child abuse, child neglect, adult and children's lost potential, academic underachievement and failure, substance abuse and addiction, social isolation and unemployment. And they have the most to gain from a very small amount of help from you and me.

However, due to the situation we find ourselves in—helping the needy without adequate funds and at the same time looking at deficits that threaten our existing funding sources, all of them—we find we have been laying off staff. At the same time, we have our staff working up to 60 hours a week just to keep abreast of the work. That's not a typo. We're laying them off, but they're working more hours than they're actually being paid for. This is not good. Volunteers are burning out as they try to fundraise with limited staff and resources. I, for one, can vouch for that. I volunteered to get some enjoyment out of life, and it's been really stressful. But we are dedicated to helping the families in our community, and that's why we're still here, stress or not.

Donors are now experiencing fatigue, and the event has to be unique, catchy and unusual to bring in the dollars. Yet there is the perception that the non-profits are not efficient, are wasting money and need to be more streamlined. How many hours a week can an executive director work before she experiences family breakdown herself? This is true in all the social services. I've received e-mails at 3 in the morning. I mean, this is getting to be a bit ridiculous.

The era of fundraising as a cash cow is gone; she has been milked to death. Non-profits are now competing on

a hierarchy of needs with hospitals, schools and other non-profits for funding, grants and fundraising dollars. The sector is milking the public, so we ask that the government acknowledge that capitalism has a fallout endemic in its system and that we look after the ones who are intrinsic to that fallout. We cannot help others to the best of our ability if we have to focus on fundraising ourselves.

Family Services Hamilton is one of 48 family service agencies in Ontario. These agencies are the primary providers of community-based social support services. Serving more than 250,000 people a year, their central role is to strengthen the health, safety and well-being of families and communities. Family service agencies work closely with and are part of a network of other community partners, including schools, children's aid societies, health care providers, Ontario Works, the United Way and employers, to bring coordinated solutions to families who need help.

Family Services Hamilton, like other family service agencies, offers a comprehensive mix of public and private services such as a therapeutic integrated child care centre for children with disabilities and other marginalizing factors, second-stage housing, family emergency shelter, services that help negate and help women recover from violence, seniors' services, counselling services for people with disabilities, employee assistance programs, immigrant services, support for survivors of sexual abuse, credit counselling, parent education, and individual couple and family counselling.

1620

How did these families get left behind? Government priorities, policy changes and funding decisions have led to a system starved of resources. In 1995, government funding for family counselling services to family service agencies was eliminated. The funding for seniors was trimmed, the funding for child care was cut back and the money for second-stage housing withered. At the same time, individual families were attacked as many of the supports they relied on were also cut. This attack on families was waged on many fronts, including a 28% decline in social assistance rates, a minimum wage freeze and lack of regulated child care spaces and affordable housing. All this caused us to be a wizened, withered, battered and abused sector.

The outcomes are predicable. Without support, women are forced to go back into unsafe family situations because they are trapped by income and housing needs. Children with behavioural and learning difficulties in care are at high risk and in schools are at high risk for school failure, substance abuse and anti-social behaviour. Studies show that individual, couple and family stress is one of the leading indicators of the breakdown of physical health and increased usage of hospital and physician care. Low-income, at-risk families are the highest users of medical care through physicians, drugs and hospitals. While you're cutting somewhere else, it's becoming more expensive in other areas.

In short, families who need help the most are forgotten. Instead, there was a focus on project grant

funding. Project grant funding is short-term and does not provide the infrastructure needed to have outcomes that address the needs of a large population. It does not address systemic issues, nor does it provide the type of help needed in a situation where there is a layered problem.

For example, a woman who is homeless because of mental health issues: Her presenting problem may be homelessness, and the need is immediate, but as long as she has diminished mental capacity, she is still at risk of being homeless. She needs help, not a quick fix, and so a mix of solutions as you unravel the case is needed. She needs help with budgeting and money management. She may not understand that the abuse she suffered as a child now also holds her in mental bondage. If she is a parent, she does not realize that there are unhealthy patterns she absorbed as a child that will affect her parenting style, and so she needs to pay attention to her parenting. Having her come to six sessions in an outreach group does not solve her problem. She needs more help, she needs long-term counselling, she may need help with money management on a one-to-one basis—not in a group—and she may need to enrol her child in our therapeutic child care program, where she can learn coping strategies and break negative patterns.

The help she needs is multi-faceted, and today's Ontario does not do a good job of providing it for her. Family service agencies provide multi-faceted help, and we make referrals when we see that more help is needed. You need to support us so that we can support her.

Family Services Hamilton acknowledges the fiscal challenges faced by government and the very difficult choices that will have to be made as it tries to walk the fine line between managing the deficit and the needs of Ontarians. However, Ontario needs a very small investment in prevention, early intervention and remediation services for low-income, at-risk families. This investment will make a huge difference in the lives of over 28,000 high-needs families over the next four years. We are encouraged by your commitment. Hopefully, the fall election signalled a new attitude toward families. We were encouraged by the Liberal government's commitment in its election platform to make Ontario's 28,000 vulnerable families a priority.

In a letter to Family Service Ontario, Dalton McGuinty promised that his government would "listen to the concerns and advice of social service agencies and providers and allocate resources according to the best advice." Furthermore, the Liberals said they would "consult with family service providers and seek their advice on where resources need to be allocated. We are committed to addressing these funding needs during our first mandate."

The solution: Family service agencies need an immediate investment of \$4.6 million. For example, Family Services Hamilton: \$150,000 in base funding in 2004 to help 7,000 families improve their lives.

We at Family Services Hamilton are facing a deficit this year which will impede our opportunity to continue to obtain our core funding from other funders such as the

United Way, MCSS and the Ministry of Health, because they do not want to see a deficit.

Family Services Hamilton and Family Service Ontario want to work in partnership with government to find a long-term solution to helping another 21,000 families take the steps they need to help themselves and their children. We need to focus on prevention as well as immediate emergencies. We need to cut the fundraising crisis in our agency, so that we can begin to see the forest and not just the trees.

The Chair: Thank you. We have about three minutes for each caucus. We begin with the official opposition.

Mr Hudak: Thank you very much for your presentation. I thank you for your patience as well with our last administrative item.

In your second-last paragraph, you talk about the commitment that the existing government had made to you in the run-up to the election campaign. Were they specific on particular areas where they would address funding needs?

Ms Lasebnik: I believe they were specific in second-stage housing for abused women. That area for sure I'm aware of.

Mr Hudak: That's important, because one thing that at least the opposition parties will say is that the government should make good on its promises, that if they committed something in the election campaign, they should deliver on that. I think part of this process is to try to quantify the extent of the promises they made.

Do you have any idea how much that commitment to second-stage housing would be, sort of a ballpark, even for your area, that we can quantify across the province?

Ms Lasebnik: In our area, in Hamilton, just to give you an idea, the program is about a \$300,000-a-year program. We have 30 units we're trying to sustain. We get \$35,000 of core funding from the municipal that may not come back. In terms of dollars, we expect to have to fundraise some of that, but to fundraise the sustainability of a program that doesn't even scratch the surface of the needs is really tough. We're willing to take whatever they want to give. We realize that there's a lot of other programs that need the funds as well, so we're willing to go to the table and work on this. I'm not going to give you a dollar value.

Mr Hudak: The general base you're looking for, for family service agencies across the province, is about \$4.6 million, the estimate of the request for this upcoming fiscal year—annual.

The last question I have for you: Has your agency worked with the Ontario Trillium Foundation? Have you received any grants from them?

Ms Lasebnik: Yes.

Mr Hudak: What's your view of that program?

Ms Lasebnik: I've been on the second-stage board, actually, now family services, for a couple of years. In my experience, we've had a little bit of funding from them. I don't really have a pro or con view on them.

Mr Hudak: One concern I have is that we've had a couple of Trillium Foundation announcements cancelled here in Niagara recently. As you probably know, \$100

million in revenue from the slot machines goes to the Ontario Trillium Foundation. A lot of groups in the social service area do receive grants from the Trillium Foundation. So I was curious if you had an opinion as to whether the Trillium Foundation should be continued or if it should be abolished.

Ms Lasebnik: Off the cuff, I would say it would need to be continued. It's a source of funding.

Mr Hudak: Thank you, and again I appreciate your patience.

The Chair: We move to the NDP.

Mr Prue: Dalton McGuinty promised in a letter prior to the election that he would consult with family service providers to seek their advice on where resources need to be allocated. Other than today, have you been contacted at all?

Ms Lasebnik: We didn't wait to be contacted. We have sat down at the table and had meetings and have meetings scheduled in the future with each of our Liberal representatives in Hamilton.

Mr Prue: So you've gone out and done that yourself.

Ms Lasebnik: And we are getting a very good reaction. You don't need to invite us.

Mr Prue: No, no. How many dollars have been committed?

Ms Lasebnik: We don't have dollars committed. This is not part of the process of getting dollars—

Mr Prue: OK. They know your problem, but they haven't committed. Have you asked for a certain amount from your—

Ms Lasebnik: No, I have not. I thought this was the process of asking for a certain amount, but we have a feel that they are committed in our area.

Mr Prue: Have they indicated to you—because this is the conundrum I think many of them are going to have. They've also committed to not raise taxes.

Ms Lasebnik: Yes. I'm an accountant, by the way.

1630

Mr Prue: Yes, I know. We know they want to help you; we just don't know how they're possibly going to do it. You, being an accountant, can understand.

Ms Lasebnik: Exactly. As we said, there's only so much money to go around. We're willing to come to the table. We feel it is a mandate and a priority of the Liberal government; we expect it to be. We're realistic as well. There's only so much money to go around. So we need more and we're willing to go to the table and roll up our sleeves and work on a proposal where we can improve on our programs and everybody can be happy. It's easy just to put your hand out. In my community, by the way, we are getting together not just family services but all the social services organizations. I just had my first meeting yesterday. We tend to, as a group, work on promoting ourselves and efficiencies and coming to the table.

Mr Prue: If this government is not able to come up with money unless they raise taxes, what's your position on that?

Ms Lasebnik: As a taxpayer—well, I want to see what happens. I'm not really thinking in that regard. Of course, no one likes taxes raised, but I'd like more

information. I'm not a political person. I don't even like this whole format, but—

Mr Prue: I don't blame you, watching today.

Ms Lasebnik: I'm glad it's not my job. As an accountant, I would just like—I don't know. As a personal opinion, why are so many things hidden? We got a balanced budget, but then we have a big deficit. That doesn't make sense to me. So I tend to educate myself, in moving forward, on how these things happen.

The Chair: We'll move to the government.

Mr Craitor: Again, thank you for your patience. I'm a new MPP with the government. Let me just quickly ask you, why are you in this financial situation. Did you do something wrong? Did your organization do something wrong that put you behind the eight ball like this? What happened?

Ms Lasebnik: Did we do something wrong? No. We are just trying to sustain the programs that we have in place. I was previously with second-stage. That was taken in 1995, all the funding. As a result, we had to merge with family services. But we don't get any sustainable funding. We are working hard to save these programs where we don't get the sustainable funding through fundraising. The United Way is suggesting they might cut back some of our funding in our core programs. We're doing OK in the programs where we have sustainable funding. We can't grow, though. If we can't fit the need, we can't grow. So no, it's not anything—and as an accountant, looking at the books, it's not anything we're doing wrong. It's a fact that we just don't have the funding in order to run the programs properly and have the foundation in place for growth, which is badly needed.

Mr Craitor: So what you've said to me is the government, whoever they might have been, put you in that situation. I think that's what you've said to me. That's good. Thanks.

Interjections.

Mr Craitor: I was saying to my colleagues that every day this is what goes on in my constituency office, exactly what you see going on, and I'm sure you're all in the same position. Every day there's an organization that comes in, and I say to them, "What happened? How did you get in this situation? What did you do wrong? What could you have improved?"

Their answer is, "We didn't do anything. It's just the way that we haven't been funded." I just wanted to be sure that you were in the same situation.

Most of us around the table have asked this question of all the presenters: If there was a fix and we couldn't give you everything you wanted, what would be something that might get you by for the year or for a period of time?

Ms Lasebnik: Just speaking for Family Services Hamilton, to get us by, \$150,000. We're not being greedy.

Mr Craitor: You certainly aren't. Thank you.

The Chair: Thank you for your participation today, and thank you very much for your patience. We appreciate it.

I believe those are all the deputants that are in the room currently.

Mr Hudak: Mr Chair, I had some motions that I wanted to put before the committee reflecting some concerns that are here in Niagara that presenters may not have had the chance to present upon, but I want to put them on the floor for debate.

The first has to do with the Ontario wine industry. I think we all recognize that's a major employer in Niagara and in the province of Ontario. Also, the success of the Ontario wine industry helps preserve the viability of the unique agricultural land we have here in the peninsula. I don't mean to belabour the point, so I'll get right to my motion. The motion reads as follows:

"That the committee recommends that the Minister of Finance reject any proposal to raise taxes on Ontario wine."

The Chair: I'll read the motion once again:

"That the committee recommends that the Minister of Finance reject any proposal to raise taxes on Ontario wine."

Further debate?

Mr Prue: I have a question. Has there been a proposal to do that? This is in the negative. This is to reject something that exists. I want to know if it exists before I vote for it.

Mr Hudak: I think those in the grape and wine industry have a concern that when governments in general try to remedy a fiscal situation, they often look to increasing taxes. One tax they may consider increasing would be on wine, spirits and beer. Particularly from the viewpoint of the Niagara economy, the wine industry would be dramatically negatively impacted by an increase in taxes on Ontario wine. I remember the government committing that they would not increase taxes as part of the election campaign. I think it's important that the finance committee send the message to the Minister of Finance that he should not contemplate any increase in taxes on Ontario wine.

Mr Colle: I think we can all pass a series of general motions of this nature. It may sound good at first blush, and some are motherhood, but I think we should defer them to our writing stage and consider them at that time. I think that's usually the appropriate place for motions. At this time, for us to come to a decision on the implications of this or the process would be pretty difficult, I think.

Mr Wilkinson: Being a rookie and being new, I would think that if a local member had input for this committee, we would make time to hear a deputation from that member. It would be written out, like the other people who come here, who take the time and understand that we're meeting here today. They wouldn't come in at the last minute, throw some stuff on the table that's not written out. Instead, they would be concerned about their riding. They'd come here and say, "This is important that we get the message of my riding and this region out." So I'm just surprised where this kind of process goes for consideration. I don't feel I'm getting the information required.

Mr Hudak: I appreciate the lecture from a member who has been with us for three months on how to conduct the affairs of my riding.

It just seems very straightforward to me. The Dalton McGuinty government committed that they would not increase taxes. It seems to me that we would want to nurture the economic viability of agricultural land here in the peninsula, particularly on the wine industry side. If the committee wants to debate a further motion about inviting the Grape Growers of Ontario or the Wine Council of Ontario to make a presentation at a later date, I'd enjoy that debate and would certainly support such a motion. But I think it's important to put this question to ensure that we send the right signal to taxpayers that we're not increasing taxes in the province, and secondly, to the Ontario grape growers and the wine industry that the government continues to support that industry.

Mr Craitor: I think Mr Hudak wasn't here earlier this morning, but we had a number of organizations, groups and individuals who said it wasn't necessary to raise taxes to bring the social quality back to this province. That's something the government should look at.

We're sitting here and just grabbing on to this, but this morning we had other people who expressed opposite views. I'm certainly not saying the wine issue should be affected.

1640

Mr Hudak is quite knowledgeable and, to his credit as the Minister of Tourism, has been extremely active in the wine industry. I think both of us said to each other that we were going to work together on things that would be of benefit to that industry. I think he knows that I'm not going to be sitting here not speaking out if I think there are things in my riding that are going to have an adverse effect on that industry. But I agree with my colleague Mr Colle that to just kind of throw this out puts us in a position of looking at an increase and it has never been talked about; it has never been indicated. It's not something that's on the table, and if it was going to be, there would certainly be a lot of discussion with the industry. But it's not something that's even being considered. I think it's unfair to my colleagues around the room to suddenly vote to put a tax increase on that.

You could go around the rest of the province and you could have every other group come in—you will have groups, and we've had them, who have said, "You'd better take a look at that if you want to bring back the province to the way it should be, considering all the cuts and the downloading that have taken place." So there is probably an appropriate time to do it, but this probably isn't it.

Mr Hudak: I appreciate the point from my colleague from Niagara Falls. I know he is committed to helping out this industry, so I'll address another point that he made.

Dalton McGuinty and the Ontario Liberals made certain commitments, particularly with respect to taxes. I would expect, and I think taxpayers would expect, that they would keep those commitments. I know this com-

mittee will serve a useful purpose in helping the minister address fiscal allocations for the upcoming budget, as to which of the presentations would be a priority and which may not. However, I have a grave concern, to the member's point, that this committee is simply a process to wiggle off the hook of their election promises. I certainly hope that's not the case.

The member mentioned that we've heard groups say we should raise taxes. I certainly hope they will say, "No, we got elected on a mandate not to raise taxes. We appreciate your input, but we reject that input," and will give advice on the expenditure side. But certainly, if I'm hearing the government is planning on backtracking on its promise not to raise taxes, I think that gives a lot of members of the committee great concern. So I think it's important for us to send the signal that the government will be true to its word, that it won't be raising taxes and it supports our agricultural sector, and I ask that the question now be put.

The Chair: Mr Hudak has asked that the question now be put. All in favour?

Mr Hudak: Recorded vote.

Ayes

Hudak, Prue.

Nays

Colle, Craitor, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: the motion is defeated.

Further debate?

Mr Colle: Again, this committee has a very important responsibility. In the past, I think the people of Ontario were very upset that the previous government never followed some kind of process which had input on a fair basis from people of all walks of life. This committee is charged over the next number of weeks to get input from all kinds of interested citizens, as we have today, and then to weigh all those deputations and come up with some kind of report that will give some direction to the minister.

What this motion really is trying to do is essentially do another end run around the public input process. That's why motions like this should be put into the due process where everybody gets an opportunity to get caught up on the implications of motions. There might be further deputations and opportunities for deputations from the wine council or other interested parties. Then we make a decision.

For us on the first day to make these arbitrary decisions without any kind of input from interested Ontarians would be basically doing what the previous government was thrown out of office for doing. So I say to the committee, it's important that we keep the integrity as much as possible. That's not to say that at times we won't make certain decisions that may not be totally according to the process, but let us weigh all the infor-

mation, get the flavour of what people are concerned about, weigh the pros and cons.

As my colleague from Niagara Falls said, there are people with different opinions about what we should do. It's not to say anybody here favours attacks on wine. That's not the issue. The issue is listening to people and having their comments, their input, giving us direction so that we can have a comprehensive report. That's why I think the critical thing with these kinds of motions is to put them into the process of report writing, where we consider all equally. As much as the MPP has a lot of interest in this issue, we have to remember that the deputants are what this is really all about, rather than us as MPPs.

Mr Prue: Looking at the time, I would move to table this motion, with a return date of March 10. To the members who may not know the rules and procedures, the tabling of a motion sets the motion aside, and then it is brought back before the committee on March 10.

The Chair: We would need unanimous consent for Mr Prue's motion. Do we have unanimous consent?

Mr Hudak: No.

The Chair: I heard a no. Further debate?

Mr Hudak: I'm increasingly concerned, and I regret—I think members have to travel to London next, and south, heading back to Queen's Park. It's not a great evening. Nonetheless, I think this is an important issue.

Mr Colle: And you're at home here, in your own hometown.

The Chair: Order.

Mr Hudak: To Mr Colle's point, I don't think it's an arbitrary motion by any means. I think this is fundamental to the promises that Premier McGuinty made that he wouldn't raise taxes. If we're seeing a signal so soon in the new year that tax increases are under consideration, this is significant news and a major promise that's being broken.

I appreciate Mr Prue's motion. I do want to see the question put and voted upon, because it's important to send a signal that the government intends to keep Dalton McGuinty's promises; 2003 was not an admirable year for that. We're hoping 2004 will be a bit better. So again, I don't want to belabour the debate. I think it's an important question, and the motion is very straightforward. I ask that the question be put.

The Chair: Mr Hudak has asked that the question be put.

Mr Hudak: Recorded vote.

Ayes

Hudak, Prue.

Nays

Colle, Craiton, Marsales, Oraziotti, Peterson, Wilkinson.

The Chair: The motion is defeated.
Further debate?

Mr Craiton: Mike was wondering, why wouldn't you just put up your hand and ask—I want to say a few more words; I'm getting a little frustrated here.

First of all, I have spent a lot of time in the wine industry. I'm new and I'm trying to learn and understand it. I was just with them the other night at a number of events, and nobody has expressed any concerns. I was with Debbie Zimmerman, who is the executive director of the ratepayers' association. I don't know where this is coming from, and I hope, with the greatest respect to Tim, this is just political. Nobody down there was expressing any concern. They would have said, "Hey, Kim, you're going to this meeting today. Would you bring it forward?" So I don't know where this is coming from. I guess that's why I'm a little frustrated.

But the bottom line is, and my colleague is right, where do you as a committee—I'm glad I'm not going with you. Do you take every single one of them and then try to vote on them piecemeal? You're quite right: You put it all together at the end of the day and the decision will be whatever it will be when you come out as a committee. That is the right and fair way to do it. I would have no problems if the grape industry came to me and questioned me on why I wouldn't support this. It's not that I don't support it. This isn't the right way to go about doing it. It's not on the table; it's not an issue. They certainly didn't bring to me, on the last couple of nights I've been out with them, that they had this huge concern that we were going to go ahead.

I'm getting frustrated with, "Break your promises. Break your promises." When people understand what we've walked into—and they believe it. It's not like they don't believe it. Listen to them when they come in here. The first thing they say is, "We know the debt." It's not like we're saying it to them. They believe it. They are asking us to try to help them, but they understand the difficulties that we face. So I'm a little frustrated. I don't know why we're doing this. Certainly I don't want to see an increase in the growers' taxes in the wine industry, but this isn't the way you go about it, and it's not even on the table.

Mr Hudak: I think it's important to send that signal. It is a cause for concern, and I have heard the concern that the government is planning on increasing taxes on the alcohol industry, whether it's beer, spirits or wine.

Secondly, as a former minister, we've been through the process before. The Ministry of Finance will bring forward all kinds of revenue options, tax cut options and spending options, and government officials, the MPPs and the ministers will then make a decision as to priorities. This committee will give advice as part of that process.

I have no doubt that the Ministry of Finance civil servants will bring forward as an option for the government an increase in taxes on wine, spirits and beer. My particular concern with this motion is the wine industry. I think it's important that we send the signal to them that we will not support an increase in tax on the Ontario wine industry.

I think we're on a bit of the horns of a dilemma here, because I think you need unanimous consent to defer a vote. If the members want to vote my motion down, they can. But I think it's important that we send a signal that Dalton McGuinty intends on keeping his promise not to raise taxes.

Mr Colle: Would a motion to receive the motion be in order?

The Chair: The motion on the floor is in order.

Mr Colle: I move receipt of the motion before us.

The Chair: The motion is on the floor for debate.

Mr Colle: So I move receipt.

Mr Hudak: You're trying to defer it.

Mr Colle: No, I'm trying to receive it, to take it into consideration. That's what we're doing.

Mr Prue: The motion to receive would kill the motion, because all you would do is receive and do nothing with it.

Mr Colle: We'll receive it.

Mr Prue: You receive it and do nothing with it.

Mr Colle: I'm moving receipt.

Mr Hudak: I think we need unanimous consent. I know the members want to avoid voting on this, but I think they deserve—

The Chair: Order. The motion is on the floor. It is before the committee and you're compelled to deal with it in one way or another.

Mr Colle: So my motion is dealing with it by receiving it for further consideration. That's what we're supposed to be doing with this consultation process.

The Chair: So you would want to defer the motion.

Mr Colle: No, I want to receive it and consider it along with all the other deputations we have so we can come up with this report. I think that's very much in order, because we're deliberating on all the information we're getting. So this motion will be part of our receipt of information from the public at large.

Mr Craiton: Chair, on a point of order: To the committee, I'm going to have to give you my apologies. I had not planned on being a member of the committee. I had planned on coming in and participating. It is my riding. One of the members was not able to be here, so I agreed to sub in for a period of time. I have a commitment at Thorold city council.

The Chair: That's not a point of order.

Mr Craiton: Well, it is because I'm going to get up and leave, and I don't want to just get up and do that. I want the record to show that I'm committed to go to town council in Thorold and I have to be there, so I will be leaving.

Mr Colle: You hope Peter Kormos isn't there.

Mr Craiton: He'll be there.

Mr Hudak: Mr Chair?

The Chair: One moment, please.

We'll take a five-minute recess.

The committee recessed from 1653 to 1705.

The Chair: A motion was made to receive Mr Hudak's motion. This receiving of a motion is out of order in our Parliament.

Further debate?

Mr Hudak: Mr Chair, I know people have to go. I know members want to delay the vote. I would like to see the vote put, so why don't we just get it over with and vote? This is sort of painful, going through all this procedural stuff. Let's just call a vote.

The Chair: Are you asking that the question be put?

Mr Hudak: Mr Chair, I'm asking that the question be put.

The Chair: All in favour that the question be put? Opposed? Carried.

All those in favour of Mr Hudak's motion?

Mr Hudak: Recorded vote.

Ayes

Hudak, Prue.

The Chair: The motion is carried.

Mr Hudak: I have one more motion, and then in the interest of collegiality and if the tables ever turn—I'd like to put another motion on the table as to photo radar, which a lot of my constituents are concerned about. The Premier has made recent comments that he sees this as a revenue source for the budget.

I move that the standing committee on finance and economic affairs recommends that the Minister of Finance that the government of Ontario rejects any plans to install photo radar to Ontario's provincial highways.

The Chair: With the mover's consent, I'll read it again. Mr Hudak moves that the standing committee on finance and economic affairs recommends that the Minister of Finance that the government of Ontario rejects any plans to install photo radar to Ontario's provincial highways.

Any comment or debate?

Mr Wilkinson: I move that we call the vote.

The Chair: Mr Wilkinson is moving that we put the vote.

All in favour to put the vote? Carried.

All those in favour of the motion?

Mr Hudak: Recorded vote.

Ayes

Hudak.

Nays

Prue.

The Chair: Further debate?

Mr Colle: There's debate on this? We voted, didn't we?

The Chair: We'll take a five-minute recess.

The committee recessed from 1709 to 1717.

The Chair: Committee, we had a tied vote. I am voting against the motion.

This meeting is adjourned.

The committee adjourned at 1717.

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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 28 January 2004

Journal des débats (Hansard)

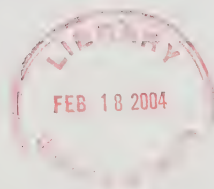
Mercredi 28 janvier 2004

**Standing committee on
finance and economic affairs**

Pre-budget consultations

**Comité permanent des finances
et des affaires économiques**

Consultations prébudgétaires



Chair: Pat Hoy
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Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation

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Téléphone, 416-325-7400 ; télécopieur, 416-325-7430

Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Wednesday 28 January 2004

Mercredi 28 janvier 2004

The committee met at 0902 in the Hilton, London.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. I would ask persons to turn off their electronic devices, please. The committee is pleased to be in the city of London today to hear presentations on our pre-budget consultations.

MIDDLESEX-LONDON HEALTH UNIT

The Chair: I call forward the Middlesex-London Health Unit. You have 20 minutes for your presentation. You may leave time for questions if you so desire. Please identify yourselves for the committee and the purposes of Hansard.

Mr Doug Reycraft: Good morning, Mr Chair. My name is Doug Reycraft. I'm here in my capacity as chair of the Middlesex-London Board of Health. With me is Dr Graham Pollett, our medical officer of health. There are a number of members of our administration behind me who will be happy to assist if that's needed for responding to questions after the presentation. I expect to be between 10 minutes and 12 minutes with my presentation. We'll be happy to take questions afterward.

We appreciate [Inaudible].

The Chair: We'll work on the sound system. I appreciate the comment. Continue, please.

Mr Reycraft: I'll see if I can reposition the microphone and hope that helps a little bit.

We do appreciate this opportunity. Your request for input into the fiscal and economic policies of the province provides us with optimism that the McGuinty government is committed to meaningful change.

Our board of health in Middlesex-London oversees the delivery of public health programs and services provided to approximately 400,000 residents of the city and county, as legislated by Ontario's Health Protection and Promotion Act. Our board members and the staff of the health unit take their jobs very seriously. We are committed to the principle of health for all, and over the years we've strived to provide health services and programs to accomplish this end, despite inadequate resources and supports.

However, recent events, combined with the expectations and demands placed on public health, have proven

that public health in Ontario and in Canada is a system that is broken, a system with such scarce resources that it tempts calamity each day its needs go unaddressed. For example, there is a lack of resources necessary to do effective and timely follow-up to protect at-risk infants and families. There are diminished opportunities for public health in schools that enable children to make healthy choices for a lifetime. There is an insufficient number of public health inspectors to ensure adequate food safety in grocery stores, restaurants and at community events to protect our food supply. There is a shortage of resources to fund urgent dental health treatment for children suffering from severe dental decay, many of whom have not yet started grade 1.

In matters of disease prevention and emergency response, let's review: Walkerton, 9/11, West Nile virus, SARS. Four words, two acronyms, 33 letters—it all adds up to the same thing: crises, lives lost, significantly heightened public anxiety and a huge economic impact, the likes of which are still being felt.

Some of the events that have occurred have been long predicted; others were simply unimaginable. All required a response from a system that has been neglected, despite repeated warnings of those who work in the field.

Public health is about protecting the health of the community at large. It's about preventing disease, responding to public health emergencies and presenting people with programs and services to help them be healthy. It's about investing in the health of people in an effort to minimize disease and death. For example, that means working with students and the general public to increase their capacity to deal with health issues such as prevention of heart disease, substance abuse, smoking, daily physical activity and healthy eating.

It also means keeping our water free from deadly bacteria by ensuring there are enough public health inspectors to follow up adverse water results and investing in parental and child health so that babies aren't born already dependent on the health care system for life.

It's about recognizing that an investment in public health is the most fiscally responsible thing to do at both the provincial and federal levels. Think about the health care interventions that were required throughout Walkerton and, as a result, are still required today. Add it all up, and imagine if only there had been the political will and vision to invest those monies upfront to ensure that the required physical and human resources were in place to keep the water safe.

Public health also believes that governments must address the determinants of health: issues such as poverty, employment, isolation and housing.

Here in Middlesex-London, we are unable to fully provide provincially mandated programs and services that are required of us by law. Our gaps in services have grown as our limited resources have been repeatedly diverted in attempting to manage the numerous public health emergencies that have arisen.

In addition to responding to emergencies that affected the whole province, emergencies in Middlesex-London required our staff to provide a mass meningococcal immunization campaign in 2001 and a mass hepatitis A immunization campaign in 2002. Our capacity to respond to crisis has been used so extensively that our staff are becoming exhausted.

0910

We are clearly at a crossroads. We have the benefit of hindsight, and the picture is clear. To not act at this juncture is to reconcile ourselves to a diminished quality of life, to an overall decline in our social and economic power as a province and as a nation and, in the event of another disease outbreak, significant illness and a potentially massive loss of life.

The changes must occur at a multitude of levels. A Canadian agency for public health, with a chief medical officer of health for Canada, is required, along with a national public health strategy as outlined in what has come to be known as the Naylor report. This report also recommends that federal spending on public health reach \$700 million annually by 2007. While \$700 million is a significant amount of money, it is essential to put the sum in context. It is the same amount of money that federal, provincial and territorial governments currently spend on personal health services in Canada between Monday and Wednesday in a single week.

The latest crises have proven that public health needs, at minimum, an infusion of monies adequate to meet programs and services mandated by the province and an amount realistic enough to provide effective disease prevention and emergency response capabilities. The system must also be restructured.

With the upcoming budget you have the opportunity to do something significant: Rectify the neglect of the past to demonstrate that we have learned from our mistakes. We are here today to implore you to move forward quickly on the recommendations of the Ontario Expert Panel on SARS and Infectious Disease Control released last month, a report that has come to be known as the Walker report, after panel chair Dr David Walker.

As noted in that report, the fear of those who work in public health is that the necessity for change is waning, that the experience of SARS is already beginning to fade. This isn't unusual, given human nature. Once the crisis is over, the mind has a way of moving on. We must fight against that tendency and the perception that a reprieve has been granted. We must be wary of the time taken to digest the recommendations of the Naylor and Walker reports, as repairs to the public health infrastructure of this province and this country must begin immediately.

Interestingly enough, while we meet today to discuss Ontario's budget, avian flu is spreading, raising the spectre for the potential of an influenza pandemic. The comparisons to SARS are frightening.

The Middlesex-London Board of Health is here today to urge you to act quickly, before another crisis strikes. Be decisive. Act now, before people die, before our communities are again held in the grip of fear, and before those who work in the field are again required to respond to a crisis with inadequate resources.

At the provincial level, we urge you to allocate sufficient resources to begin implementing the recommendations of the Walker report. The changes called for in the report have significant implications for how public health units in Ontario are organized, funded and governed.

We are here to tell you that we're ready. We're capable and we're accountable. We strongly support the call for increased provincial funding for public health overall. All communicable disease programs should be funded at 100% by the province, including the 180 positions committed to public health as part of the Ontario SARS short-term action plan last fall. In fact, certain public health programs are already being funded 100% by the province. These include speech and language programs, infant hearing screening and the Healthy Babies, Healthy Children program. All of these programs now fall within the mandate of the new Ministry of Children's Services. The 100% funding means that services provided through these programs are consistent across Ontario. Evaluations indicate exceptional results, making the case yet again that health promotion programs should, at a minimum, be funded 75% by the province. These changes would reduce the likelihood of public health services being further sacrificed in order for municipalities to meet their service and infrastructure obligations to local taxpayers for things like roads and sewers.

From a restructuring perspective, we support the Walker report recommendations calling for consolidating the number of public health units in Ontario from 37 to 20 to 25. Such a move would allow for administrative costs to be applied with far greater efficiency across larger jurisdictions, and in times of crisis, health units would have a larger pool of human resources to pull from. Further, we support the integration of all public health organizations and resources, including public health laboratories, to establish a health protection and promotion agency in Ontario that would work in concert with the Canadian agency for public health.

The report has many other recommendations regarding disease prevention and infection control that we support. However, for the purposes of today's presentation we have concentrated on those recommendations that address public health infrastructure and funding.

The people of Ontario have already seen some progress from our new provincial government in terms of public health. The new Minister of Health, the Honourable George Smitherman, recently indicated in an inter-

view with the Globe and Mail that "We need to refocus precious resources to the prevention side of health care."

In closing, the reports are done; the recommendations are made. Action is required, and the timeline must be accelerated. Time is not our friend in these circumstances; in fact, it's our enemy, and we can't lose sight of that. We urge you to prioritize public health today, not tomorrow.

Thank you, Mr Chairman.

The Chair: Thank you. That leaves us about two minutes per party. We'll begin the questioning with the official opposition.

Mr John O'Toole (Durham): Thank you very much for your presentation to the committee this morning. On an ongoing basis, public health is extremely important to all of us. I commend you for the work you do, sometimes under difficult circumstances. Certainly this year, with SARS and the other challenges, even with the flu vaccine not being exactly up to scratch, it's extremely challenging, because people do look to you to explain, if not solve, all these public health, public risk issues.

The only question or comment I have, and I'll keep it very brief, is that at the time they had SARS, it seemed to be a communications challenge in one instance. It was, what is it and how do we deal with it? There was a lock-down mentality around the hospitals, but I really felt that the role of the medical officer of health was somehow not defined well enough. It was the hospital CEOs, but they're not doctors. Do you understand? You needed somebody with the valid credentials or whatever, and the public administrative role, like public health, is in that broader arena than just the institution. Do you feel there could be important changes? You are dealing with these infectious disease outbreak things, as much as I don't like to admit it. Should the medical officer of health play a much more strategic role in coordinating the emergency plan in the broader community?

Mr Reycraft: This is an issue ongoing presently with the changes to the Emergency Plans Act, the activities now being undertaken by municipalities to upgrade their emergency plans, so the role of the medical officer of health is very much coming to the fore as part of those discussions. The very issues you've raised are, at least locally here in London, being addressed as part of those discussions. Clearly, the role for the medical officer of health during the SARS situation was a pivotal role. Within our community, we had a very good working relationship with our hospitals and with the local physicians, but we've worked very hard to establish and maintain that relationship over the years. Both the Walker report and the Naylor report speak to the role of the medical officer of health, chief medical officer of health, as having a key responsibility, certainly in times of public health emergencies but ongoing infectious disease control.

Mr O'Toole: I appreciate that—

The Chair: Thank you. We'll move to the NDP.

0920

Mr Michael Prue (Beaches-East York): Currently in the province, it's my understanding there are eight health

units that do not have medical officers of health. Out of the 37, only 29 actually have a medical officer of health. You've come forward today imploring us to do something, and I like the recommendations. I have to tell you, as a former member of the board of health of both East York and the city of Toronto, that I understand exactly what you're saying.

But you have not put a dollar figure to it. Can you give this committee any indication of the amount of money that you think will be necessary to bring the health units in Ontario to a level that will negate the problems we're having around West Nile and SARS and mad cow disease and everything else? We need to know what amount of money you're suggesting.

Mr Reycraft: I don't think I can give you a definite dollar figure, but as a municipal politician, another role you can identify with, I'm one of Middlesex county's appointees to the board of health. One of the points that I made in the presentation is the fact that public health is now being forced to compete with a large range of issues for the dollars that municipal governments have available to them. Because of increases in demands as a result of services that have been transferred, things like land ambulance and others, it's becoming more and more difficult for health units to get the support of municipalities to provide the funding that's required to deliver the programs which we are required to deliver by the Health Protection and Promotion Act.

The Chair: We'll move to the government side.

Mr Mike Colle (Eglinton-Lawrence): Thank you for the presentation. I first of all want to mention that we also have with us here today the Honourable Chris Bentley, the Minister of Labour, the member for London West, who is kind enough to listen to all the deputations. Thanks for being here, Minister.

I would like to say that this is very much like déjà vu all over again. I can remember being here in 1997 with a committee of government where we had the medical officer of health from Chatham-Kent, who warned us about the dire consequences of downloading public health to municipalities and underfunding—do you remember him?—warning about the potential for infectious disease if the government at that time did what they did. So it's very interesting that now we are here again and we've seen his forecast, sadly—he was fired, by the way, after he made the deputation, by the government—that if you don't invest in public health, you know what happens.

What I'd like to ask you is, are there any cost-benefit analysis studies done in terms of how investing in public health can save money in the long run for the health system as a whole? If you could direct us toward that, it would really help this committee in trying to direct the minister where to spend dollars.

Mr Reycraft: I don't know if I can point you to any specific studies, but perhaps Dr Pollett knows of some.

Dr Graham Pollett: There have been studies along this line. I can't cite them for you chapter and verse, but I'd be happy to get those citations for you and to make them available to the committee.

Mr Colle: But you know, the minister—

The Chair: Your time has expired, Mr Colle.

Mr Colle: On a point of order, Mr Chair: I would like the Walker report to be made available to all members of the committee. Secondly, I would like research to help in finding out if there are any North American or even international studies done on the potential cost savings of investing in public health to the health system as a whole. If we get that, we will also make it available to the deputies.

The Chair: Would the presenter provide the Walker report to the clerk, and all members would have that report?

Mr Colle: Or we can get it, I think. They don't have it.

Mr Reyecraft: The Walker report is really a document from the provincial government and should be easily acquired by the clerk.

The Chair: Research will provide that.

Thank you very much for your presentation this morning, gentlemen.

FANSHAWE COLLEGE

The Chair: I call forward Fanshawe College. Good morning. You have 20 minutes for your presentation. You may leave time for questions if you desire. I would ask you to identify yourselves for the committee and for the purposes of our recording Hansard.

Mr Paul Huras: Good morning, Mr Chair and other members of provincial Parliament. My name is Paul Huras. I'm the chair of the board of governors of Fanshawe College. With me today are Ciara Chamberlain, vice-president of the student union, responsible for external affairs; and Mr Albert Brulé, who is vice-president, development and partnerships, on the senior administrative team of Fanshawe College.

Thank you very much for the opportunity to present to you this morning. At this time of the year, when many people are speaking to you about investing in RRSPs, we would like to turn the tables a bit and, instead of having you consider this as a request for funds, to look at it more as an investment.

We have some good news to talk about first. We'd like to refer to a study that has recently been commissioned by ACAATO, the Association of Colleges of Applied Arts and Technology of Ontario, that was completed by CCbenefits, an organization that has done similar studies in the United States and Alberta. This study looked at the return on investment that community colleges provide to the taxpayers of Ontario.

Ontario colleges provide an annual return on investment of 12%. All government investments in colleges are recovered within 10.5 years. About 95% of college graduates stay in Ontario, bringing their skills, talents and earning power to the province.

The good news in this community is even better, in that Fanshawe College provides a return on investment of 15% and the taxpayers recoup their full investment in

Fanshawe College students in just 8.9 years. The majority of Fanshawe graduates stay in southwestern Ontario.

We're trying to make the point that the money invested in community colleges is well spent and it returns to the province of Ontario, making it a better province.

The current situation is that Ontario's funding per full-time-equivalent student, at \$4,632, is the second-lowest in Canada, higher only than Prince Edward Island. The national average for full-time student funding is \$6,794. Currently, student tuition and fees account for 66% of total operating grants, up from 21.5% in 1991-92, so we're asking the students to cover the majority of the burden of the price of education.

As far as future demand, demand for places at Fanshawe College has steadily increased over the past five years, at a rate higher than the provincial average. Applicant demand will continue to be strong for the next 20 years, with the population growth that is expected, especially in the population area of 15 to 29, the typical age group for colleges, although we must stress that community colleges have a very wide age grouping of students. At the same time, many sectors of the economy—manufacturing, construction, health care and high technology—will face skills shortages due to large numbers of retiring employees. Those retirees will need to be replaced to keep Ontario's businesses, industries and services available, viable and competitive. Fanshawe College and the other community colleges in Ontario certainly help to ensure that this supply in the workforce is available.

We're here today to talk about a positive plan for prosperity in this province. The government is asked to commit to a multi-year investment program to increase the level of per student funding to \$6,300 from the \$4,900 figure. We're asking that this be phased in by 2007-08. We would also request that the capital funds allocation be increased to \$30 million for 2007-08 and that there be an increase in funds for skills initiatives of \$32 million by 2007-08. We also ask that you consider exempting colleges from the provincial sales tax until the \$6,300 per student funding is reached.

Colleges have been instrumental in attracting new industries and jobs to the province and in providing an improved educational system. In London and the Thames Valley area, the area that's covered by Fanshawe College, we are very much a part of this economic engine that is driving a strong economy and will drive a stronger economy in the future. We believe that an investment in Fanshawe College and community colleges is a wise investment and will return positive returns to Ontario.

At this time I'd like to ask Ciara to speak from a student perspective to the issues I've talked about.

0930

Miss Ciara Chamberlain: Good morning. I grew up in London, Ontario, and I never considered attending Fanshawe College because I was going to university. Well, I went away to university for a while and somewhere along the way ended up back in London at Fanshawe College.

My university experience was filled with many wonderful things and people, but I couldn't help myself from feeling lost, sitting in a sea of my fellow students listening to a professor lecture on the magic of the Iliad or Aristotle. I reassessed my path and tried to pinpoint the tools I needed to make my career dreams reality. Fanshawe College was an obvious and natural choice for me.

I'm now in my fourth and final term of the urban and regional planning technology program, and I haven't looked back once. I've been taught so many skills here, and I'm so confident and excited about entering the workforce now.

For everything I learned, for all the skills I've accumulated, I can't help but wonder if I could have learned more. My program is dependent upon computers for almost everything we do, and daily there are problems in my computer lab. Because of outdated software and inadequate hardware, leaving computer screens frozen and systems crashing, weeks of learning have been lost. There is also only limited access to my computer lab, which is the only one on campus that holds all the software I need for my program. For security reasons, students are not allowed in our lab after 11 and most days, because of classes running until 6, we don't have access until then.

Unlike most labs at Fanshawe College, there is no student swipe-card access to the lab which allows 24-hour access to students who have been given permission to use that room. My program has a heavy workload, and we have nowhere to work most of the time.

We are students desperate to learn and be successful in school and in life, but it seems like circumstance just keeps piling up against us, and it all leads back to one thing: More funding is necessary for the success of my program, for the success of my school, Fanshawe College, and for the success of all Ontario colleges and their students.

Mr Huras: In summary, I would just like to say that the Ontario community college system is very important for Ontario. It's important for its workforce, its industries, its economy and our quality of life. I hope you will strengthen the funding that's required to make this a stronger system.

The Chair: We have about four minutes per party. We'll begin with the NDP.

Mr Prue: I'd just like to go to your numbers on page 7 to clarify exactly what they mean. Increasing the level of per student funding to \$6,300 by 2007-08: What would the total cost to the Ontario treasury be to do that from its current level of the some \$4,000 that you cited?

Mr Huras: I'll ask Albert to correct me if I'm wrong, but I believe it's the \$300 million that you see on slide 8. It's under the operating piece.

Mr Prue: So that's the \$300 million. Then you have, "Increase capital allocation by \$30 million." Is that for the entire province or is that just for Fanshawe College?

Mr Huras: That's for the entire province.

Mr Prue: That's still a fair amount. Then, "Increase funds for skills initiatives by \$32 million." That, too, is for the entire province?

Mr Huras: That's correct.

Mr Prue: So the total package, then, I would see would be somewhere in the neighbourhood of \$362 million that you're looking for.

Mr Huras: That's correct.

Mr Prue: Now, the question has to be asked, of course, as the government has inherited a deficit of \$5.6 billion. There are many suggestions that either it can't be done or it can only be done if taxes are raised. What are you suggesting to this committee?

Mr Huras: I have a couple of points. One of the ways to help would be to consider exempting colleges from provincial sales tax. Now, I understand that has an impact on provincial revenues.

Mr Prue: But that's even more money to the province. That would cost the province even more money. Where does the province find the money to do the admirable things that you're asking us?

Mr Huras: Again, we believe that there is a return on investment here, that because of the people whom you will be producing, because of the innovation that will come out of those individuals, because of the workforce that will be contributed, it will lead to increased tax revenue in the future. But it's an investment for the future. It is not a return that you will see today or tomorrow, but within a short number of years, there is a return on investment.

The return-on-investment study is a very legitimate one that has been evaluated by auditors in Toronto and gives true amounts. If we could invest any of our money and get a 15% return, we'd be very pleased. From a long-term view, this return-on-investment study is very important, and it also argues that community colleges have been underfunded in the past. That needs to change, and by changing that, that will have a benefit to the Ontario taxpayer down the road.

I recognize that the challenge of the provincial government is to weigh all the competing demands with the revenue difficulties that it's having right at the moment, but hopefully, those are short-term issues and we'll come out of that in a very positive provincial budget situation. We believe that investing in community colleges will contribute to that improvement in the budget situation.

Mr Prue: You're not going to get any argument from me, because I will tell you that the Republic of Ireland is probably the case study. They've spent almost all of their money for the last 20 years on education and today are becoming a powerhouse in Europe. They've made the long-term investment.

So that's what you're asking this government—and I'm not part of the government. You're asking them to look at this as a long-term investment and to spend the money and it will reap rewards probably after all of us are no longer in politics.

Mr Huras: I think the return on investment will be much sooner than that.

Mr Prue: OK, within 10 years.

Mr Huras: In 8.9 in Fanshawe.

Mr Prue: OK. Terrific. Thank you.

Mr Huras: We're already reaping some of those rewards now, I would hope.

The Chair: We'll move to the government.

Mr Tim Peterson (Mississauga South): Thank you for your presentation. I'm from Mississauga South, although I was born in London. I didn't have the benefit of going to Fanshawe, or maybe I would have been in a different profession.

I have the University of Toronto in Mississauga in my riding and also Sheridan College. Both of these institutions are facing the same type of funding problems you are.

I think it's interesting that colleges seem to have a better return-on-investment analysis than some of the other institutions. I'm not trying to put words in your mouth, but are you suggesting we should look at that as a criterion for all the educational institutions across Ontario in terms of how we allocate new funding and maybe reallocate some of the existing funding?

Mr Huras: I think it's a very important criterion. It can't be the only one, but I think it is a very significant and important criterion to be looking at.

When we talk about community colleges, I think we also have to recognize that over the last number of years, as funding per student has decreased, colleges have worked very hard to become more and more efficient. I think I've done a substantial job in that regard. So we're at the point where finding more efficiency, although we try to do that every single year, will obviously be more and more difficult. We're saying we're at a point where we've reached some very good levels of efficiency. We'll probably reach many, many more levels of efficiency, but recognizing the growth in the population and the retirement in the workforce that we're expecting in the future, it is now time to start that investment to rebuild the funding for community colleges. So I think certainly it is one of the criteria, but there are other criteria also.

The Chair: We'll move to the opposition.

0940

Mr Toby Barrett (Haldimand-Norfolk-Brant): Thank you to Fanshawe for the presentation this morning. I appreciate your taxpayer perspective and your return-on-investment perspective. I expect much of this would be based on the KPI, key performance indicators, that we introduced previously as a way of evaluating. We all realize the tuition fees put in place will benefit students. That's good news on the surface. There's a question with respect to that policy, and you've indicated continued enrolment benefits and pressures in the future. What kinds of financial pressures are we going to see on our post-secondary institutions with this tuition freeze?

Mr Huras: Perhaps I could ask Albert to help me with that question.

Mr Albert Brulé: Certainly one of the objectives for our college, and I would say I speak for all Ontario colleges, is the value of accessibility, that community colleges are open to students from all levels of financial capabilities. A tuition freeze is admirable, but in the absence of other funding to help offset that, with in-

creased student demand it actually makes the situation more challenging. As Mr Huras mentioned, our efforts to become more efficient, to use the dollars in the most effective fashion, become even more problematic if tuition is frozen and there is not offsetting operating assistance to make up that difference.

Mr Barrett: I appreciate the student perspective this morning as well. Is there a concern that with the future financial pressures you're projecting, there is going to be any pressure on Fanshawe or other post-secondary institutions to increase fees for students for ancillary programs or graduate programs in order to cover any of the projected shortfall?

Mr Huras: Do you want to speak to that?

Miss Chamberlain: I'll try. Unfortunately, as it stands now my peers can't afford their tuition. OSAP is inadequate. It's very hard to be approved for OSAP. Even if you're in financial difficulty, it's hard to prove it on paper to be approved.

The federal government currently awards millennium scholarships that, again, on the surface look great, but the previous provincial government instituted a policy where that millennium amount was deducted from any money we received from OSAP, making it very difficult for students to live off what they received from OSAP.

Mr Barrett: So you would see the present government changing that policy? Is that a recommendation—

Miss Chamberlain: Yes, definitely.

Mr Barrett:—or would it be a possible resolution for this committee?

Miss Chamberlain: Yes.

The Chair: Thank you for your presentation this morning.

Mr Huras: Thank you very much. We're pleased to work very hard with the government to help this province be a stronger province. We believe the work of the community colleges contributes to its health.

VICTORIAN ORDER OF NURSES, MIDDLESEX-ELGIN

The Chair: I would call next the Victorian Order of Nurses, Middlesex-Elgin. Good morning. You have 20 minutes for your presentation. You may leave time for questions if you so desire. Would you please identify yourself for the recording Hansard.

Mr Gordon Milak: Good morning, Mr Chair and committee members. My name is Gordon Milak. I am the executive director of VON, Middlesex-Elgin. I appreciate the opportunity to present to the committee this morning and I hope the information will be beneficial.

VON is a non-profit, charitable organization that has been providing health care and social care to Canadians for over 100 years. With a network of branches across the country, VON boasts 8,000 employees and 15,000 volunteers. The VON presence is felt in communities across Canada through the development and implementation of a variety of programs and services, including nursing, home support, and volunteer programs. Each local branch

is unique and delivers services in keeping with what that individual community requires.

VON is the recognized leader of community health and social services in Canada and has been awarded full national accreditation through the Canadian Council on Health Services Accreditation. We provide services where Canadians live, work and play, and are guided by the principles of primary health care, community development and quality management.

We believe that individuals have the primary responsibility for their own health and that access to comprehensive and compassionate family and community-centred health care is the right of all individuals. We respect the value and dignity of human life and believe that community health services of assured quality are essential.

At VON, we are proud of our heritage and the significant role that we continue to play in Canadian society. We understand and share the culture and values of our people and are confident in our ability to provide services designed to enhance and improve their quality of life.

Ontario has the highest health care budget in the country, but it also represents the largest population group in need of home and community care. The health care system is divided into three key pillars: acute care—the hospital sector; long-term facility care; and home care and community support services.

Home care and community support services play a key linking role between the acute-care and long-term facility care sectors. Home care services comprise medical and support services provided in the home setting to meet the needs of individuals as well as their families and volunteer caregivers. Home care in Canada is often defined as “an array of services enabling Canadians, incapacitated in whole or in part, to live at home, often with the effect of preventing, delaying or substituting for long-term-care or acute-care alternatives.”

In Ontario, the community care access centre system of 42 centres contracts with 60 direct service providers, both non-profit and private, to deliver home care services such as nursing, home and personal support and therapies.

The Ontario health care budget for the 2003-04 fiscal year was \$28 billion and was allocated to those three sectors as follows:

The acute care sector—hospitals—received \$11 billion to serve 1.4 million clients. That's an average cost of \$7,500 per person.

Long-term-care facilities received \$1.8 billion to service 65,000 clients at an average cost of \$27,000 per person.

Home care and community support services in two envelopes, the first being the CCAC home care program, received \$1.2 billion to serve 440,000 people at an average cost of \$2,700 per person; and community support services received \$300 million to serve three quarters of a million clients at an average annual cost of just \$401.

Both the Hollander and Romanow reports acknowledge that home and community care are integral to the

continuum of health care in Canada and to making the health care system function more effectively and efficiently. Home and community care can often prevent or delay, and substitute for, admission to acute care hospitals and long-term-care facilities, and at a significantly lower cost.

The growing elderly population wants and needs access to home care and community support services. In 2001, it was estimated that almost four million Canadians were age 65 or older. That's two-thirds more than it was in 1981. The seniors population is expected to reach 6.7 million people by the year 2021. But I have to tell you, this is not something that's happening in the future. It's happening today. A significant portion of our population will move into this group within the term of this government. Further, according to the 2001 census, almost 4.5 million Canadians over the age of 15 are already providing care to a senior and as many as 2.8 million Canadians are already providing support to family members with disabilities. Clients without appropriate family support—who don't have it—are also forced back into an acute hospital or long-term-care facility.

As family caregivers continue to play a growing role in providing care, their need for adequate supports in the home and community is also growing exponentially. Families are feeling increased stress due to the fact that they have to perform medical procedures that would traditionally have been reserved for a health care professional. Research has proven that unsupported family caregivers experience undue stress and they themselves end up utilizing our health care system more often.

0950

In 1998, an increase of \$551 million over eight years was committed to the home and community care sector to meet the needs of the 21st century. Regrettably, the promised funding was frozen in 2001-02 and the home and community care system was thrown into chaos. Disarray and instability resulted in significant cuts to service being made. In 2002-03, \$25 million was released, but that still left \$270 million of the 1998 commitment outstanding. This has resulted in home care provider agencies and community support agencies across Ontario struggling to meet the increasing demands of an aging population with a funding commitment that is at least two years behind.

The loss of stable funding has meant that for many Ontarians and their family members, the home and community care system has become unreliable. Stop-and-start funding to the sector has caused serious destabilization over the past three years as services are being cut to existing clients and wait lists are growing. Today, more than 115,000 Ontarians are forced to either go without care or to receive it in an institution at higher cost. Ongoing underfunding of the home and community care sector will continue to result in premature institutionalization of the frail elderly and persons of all ages living with chronic diseases and disabilities. The costs associated with institutional care in long-term-care facilities are far greater than the cost of supporting individuals in their own homes.

Despite the government having transferred a great deal of health care from the hospitals to the community—home care—health care workers are being driven out of the community as a result of lower wages—as high as a 20% differential—as well as part-time positions, lack of continuity and guaranteed work, lack of pensions and high expenses. Also, increased competition from US hospitals and health care providers has had an incredibly detrimental impact on the number of health care professionals working in Ontario. This province has lost highly trained and skilled health care professionals to US employers at an alarming rate because of higher wages, the strength of the American dollar and significant incentives such as fully funded post-graduate education and handsome signing bonuses—as high as US\$10,000. The impact of this competition is felt even more greatly in our border cities, but it doesn't just end there. It has a domino effect on the entire system.

What is even more disconcerting is the number of new graduates from Ontario nursing programs who are working out of province. In fact, almost 100% of the most recent registered nurse graduates from the University of Windsor School of Nursing are not planning to practise in Ontario. A health care crisis is imminent if nurses who are now providing the much-needed community care are leaving the sector to work in more financially rewarding and secure nursing positions. A shortage of community nurses will leave many Ontarians without the health care they need to remain independent in their homes and communities.

In addition to home care services, there are 360 not-for-profit community support agencies in Ontario that provide community support services such as Meals on Wheels, adult Alzheimer day programs, home and personal support, supportive housing and transportation programs. These services employ 25,000 staff and 100,000 volunteers. Three quarters of a million Ontarians receive these services annually. The budget for these services is \$300 million. For each dollar spent by government, clients receive approximately \$1.40 of service because of the contribution by those 100,000 volunteers. The budgets for these not-for-profit community support agencies are funded by the Ministry of Health, but only to approximately 60% of the budget. The remainder is raised through donations, client contributions and fund-raising efforts. Those volunteers, after they have done the service, go home and bake pies, they run bingo, they sell tickets to dinner auctions—and they're getting tired.

Community support services have only received a 5% increase in case funding in the past 10 years, while the cost of living has risen over 40%. Many agencies are in jeopardy and currently have to ration the amount and quality of services they provide. Agencies are currently at risk of closure in the 2004-05 fiscal year due to the current funding crisis. Some community support agencies are currently projecting deficits ranging from \$15,000 to \$150,000. Cuts of up to 30% of services are already being experienced, and with the deficit forecast, that number can only increase. No doubt, the health and well-being of Ontarians will be put at risk.

VON provides home care services through the CCACs, as determined by the RFP process, as well as delivering a broad range of community support services.

Our recommendations:

VON passionately believes that there must be a systematic approach to the delivery of health care, including all sectors involved in the health care continuum. Absence of a systematic approach results in duplication of effort and inappropriate resource utilization. This will ultimately lead to gaps in the provision of health care as demands increase. VON believes that there are currently sufficient monetary resources within the system. However, in order to sustain and continuously improve Ontario's health care system, we recommend following:

—First, that the home care portion of the Ontario health care budget be increased to ensure that home care becomes an integral part of the care that people want and expect to receive as part of a comprehensive continuum of care. Seventy million dollars is needed immediately to restore lost service and reduce the waiting lists in the home care system today.

—Second, that funding levels be provided to support wage parity for home and community care workers with the nursing homes and hospitals. Salaries are much lower in the home and community care sector than for similar positions in hospitals and nursing homes. Steps must be taken to resolve the crisis in staff recruitment and retention to ensure that workers will be available now and in the future to support people living in the community. These service providers are on the road today, yesterday and late into the night. They're on our rural roads and highways. They're working in a home with acuity levels that have never been higher, and they don't have the luxury of a nursing station several hundred feet away or other providers. They work in an environment that requires an incredible skill set.

—Third, that the \$50 million Premier McGuinty has committed in his first budget be injected immediately into community support services base budgets. Adequate funding is required to meet current and future service needs of our aging population and to prevent agency closures and withdrawal of services.

—Fourth, that there be a commitment to multi-year funding in order to guarantee a stable flow of funds from one year to the next. With the growing and aging population, the recognition that service needs will increase must be acknowledged through a long-term commitment to regular and steady funding. Predictable funding supports planning and innovation to increase efficiencies and quality services to meet the current and emerging health care needs of Ontario's communities.

In conclusion, as a leader of community health and social services in Canada for over 100 years, VON is well poised to work with the Ontario government at all levels of government to improve the home and community care system and ensure service is appropriate and available to Ontarians today and in the future. However, this can only be achieved by immediately addressing the current funding and recruitment and retention issues facing this important sector of the health care system.

VON believes the strategies outlined in The Health Care We Need: The Ontario Liberal Plan for Better Health Care are a positive step towards building a strong base from which to create solutions for improving health care in Ontario. Specifically, VON supports hiring 8,000 additional nurses; hiring more nurse practitioners; creating more nursing school positions; strengthening home care so seniors can stay in their homes as long as possible; helping underserved communities attract and retain health care professionals; and investing in home care so that Ontarians can receive better care at home.

Ladies and gentlemen, these are your parents and mine. These are people who have made contributions and significant sacrifice to create the province that we enjoy today. If they wish to have care in their home for quality of life and we can provide it at a cost saving, why wouldn't we do it? Home care and community support services must become no longer peripheral to the health care budget, but an important, stable factor in our program.

VON applauds the Ontario Liberals in their commitment to provide the investment needed to ensure that home care services, including basic homemaking and personal support services, are available to all Ontarians who need them. VON pledges its commitment to the Liberal government to work together in ensuring Ontarians get the health care they need, when they need it.

The Chair: Thank you. We just have time for one question. We'll begin with the government in this rotation.

Mr John Wilkinson (Perth-Middlesex): Thanks for your presentation this morning. I have a personal interest, because Jackie Wells, your executive director, has come to see me as the member for Perth-Middlesex, and Al Edmondson. She is an amazingly effective advocate for your cause. She was able to go over some of these numbers.

Just in your presentation, when you talk about how we allocate the Ontario health care budget, I find this fascinating, particularly as a businessperson. If we just go through this, in our hospitals we spent \$11 billion, out of the \$28 billion we spent for this year, serving 1.4 million people who show up. That costs \$7,587 a person. Then you let us know that in our long-term facilities we spend \$1.8 billion. We serve 65,000 residents in long-term. That's \$27,000 a person. CCACs serve 440,000 people—\$1.2 billion—and that costs our government \$2,727.

You people are really carrying the load for us and making the system more efficient. You get \$300 million across the province, serve 750,000 people, and you spend \$401. So if you're going to ask, "Where are we getting the most bang for the buck? Who is helping us try to control our costs in health care?" it's what you're doing. You're getting 1% of the pie of this \$28-billion budget. If we spend money and increase what we give to you—the return on investment, the savings to the whole system; your point is that we need to allocate that—we then have to go back to the Minister of Finance and make recommendations. So you think that out of the \$28 billion we

can find the efficiencies to get money redirected into your sector and actually save money on the other end?

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Mr Milak: Absolutely. Certainly all the sectors, our acute care and our long-term-care facilities, need to be funded appropriately, as the services are required appropriately by those clients.

But yes, the lack of stable and consistent funding when it's necessary is aggravating the system. Those people have one of two options. If it's not available through the CCAC because of funding cuts or through community support agencies, the load falls to a spouse, a child or a neighbour. If that's not there, then they have no choice but to go to our high-cost provisions, which really limits, then, those resources for the appropriate clients as well. It is a bit of a vicious circle.

Yes, prevention is very much a key to this, and it's the link that both home care and community support agencies play in ensuring that the appropriate level of service is provided at the appropriate time.

The Chair: Thank you for your presentation this morning.

Mr O'Toole: On a point of order, Mr Chair: I'd just like the members of the committee to reflect on the presentation when they look at the health care we need and the Liberal promise of 8,000 nurses.

The Chair: That's not a point of order, Mr O'Toole. Thank you for your presentation.

MUNICIPALITY OF CHATHAM-KENT

The Chair: I call upon the municipality of Chatham-Kent.

Mr Wilkinson: On a point of order, Mr Chair: Our colleague in the Legislature Mr Ramal, the member for London-Fanshawe, is here with us this morning.

The Chair: That's not a point of order.

Welcome to the municipality of Chatham-Kent. You have 20 minutes for your presentation. You may leave time for questions if you so desire. I would ask you to please identify yourself for the purposes of our recording Hansard and for the benefit of the members. You may begin.

Ms Diane Gagner: Good morning. I am Diane Gagner. I am the mayor of Chatham-Kent. To my right is Mr Joe Pavelka, our CAO, and to my left is Mr Gerry Wolting, who is our director of corporate services.

If you haven't received it already, right now they are passing around a binder which contains a summary of the key issues we're going to present today.

Fundamentally, I'm sure you'll hear this from a number of municipalities that will be here, but we're going to focus on what we feel are the key areas that will make the difference for the strong economic viability and the health of communities within Ontario; in our case, specifically Chatham-Kent. I think the recognition of seeing co-operation between the province and the federal government is certainly going to help create some strength in that area, and we're looking at co-operation

between the province and the municipalities to address issues that we feel will certainly benefit communities as a whole throughout Ontario.

I'm going to ask Gerry if he could go through the specifics. There are a number of issues, but we focused on what we feel are the key ones that affect us and probably the bulk of municipalities. As I said, we provided the template for it.

Mr Gerry Wolting: Thank you, panel, for hearing us this morning. We've got a short presentation. The binder you've received has a comprehensive briefing document in it, plus a copy of the PowerPoint presentation that we'd like to go through.

Just a bit of background: Chatham-Kent was formed in 1998 by provincial order. We're one of the first restructured entities. The restructuring put 36 entities into one organization. We have a CD here that we'd like to leave with the panel that shows the first six years of restructuring. We believe Chatham-Kent is a success story of provincial restructuring.

We applaud your consultation process. I'm sure you're hearing from a lot of municipalities. We'd like to personalize the municipal issues with specific examples from Chatham-Kent.

The briefing document outlines a high-level view of all of our 2004 budget issues, but we'd like to concentrate on just a few issues today in the limited time. We'd like to talk about provincial downloading. We'd like to talk about the need for provincial partnership in municipal infrastructure investment, the need for new municipal revenue sources, the need for some regulation changes in the Provincial Offences Act to enable us to collect outstanding fines, and the effect of the accelerated OMERS phase-in period. We'd like to congratulate you on a couple of issues too, but those are the things we'd like to go through.

I'll give you an example. This chart here on the slide—you probably need to look at your handout to see it exactly; in the document, it's on page 3, I think—gives you a six-year history of where our council has had to designate or re-designate its resources. As you can see, we've had a 12.4% tax increase since our inception, so over six years, 12.4%. In the same period, CPI was 11.7%, so it's pretty even with CPI.

As always, the devil's in the details: our emergency services. We feel we're not unlike other municipalities. It's a typical example of municipal funding over the last six years. Emergency services: Our council has had to allocate 16.8% tax increases in that period. For Chatham-Kent, 1% is \$800,000. In what we call life cycle—that's investment in infrastructure—we've had 11.7% in tax increases there. Downloading from provincial services has cost us 6.7%. So that total is 35.2% in tax increases, and our base rate only went up 12%. So you can see what has had to happen to the balance of the services our council provides to the community: They've gone down. When you compare that to CPI, the balance of our services has gone down 14.5% relative to CPI, and the five I've just mentioned have gone up 23.5%. You can

see the dramatic effect of those five issues on the typical local council.

To put that in perspective, this chart's in numbers: \$11.3 million toward emergency services, \$8 million toward life cycle, and \$4.6 million to downloading. Those are the numbers.

When you look at the percentage of the way the budget increased versus the tax increase, you can see that emergency services budgets have gone up 70% over those six years, life cycle 88%, and all others down 2.7%. That gives you some background as to how our council is struggling with various municipal issues.

The next table—if you're following me in the document, that's on page 5—gives you a three- to five-year forecast for long-range planning purposes. This is for status quo services. This is not to enhance services. This is to maintain existing services plus do some more investing in infrastructure. We're projecting 8.5% this year, 8.3% in 2005, 7% in 2006, and 4.2% in 2007.

Again, we feel we're not unique. Most municipalities are facing these types of long-range predicaments. The press is now picking up on some of the numbers that have been coming out in public over the last few weeks.

The next slide shows a breakdown of the 2004 amount. I won't go into detail on that, because I think it's pretty self-explanatory, but that's the breakdown of the 8.5% our council is facing.

Let's get into the topics that we're here today to discuss. Provincial downloading: Since our inception in 1998, our council has faced \$5.5 million in annual expenses due to downloading and \$3.5 million in one-time downloading issues. Those details are in appendix A in the document. However, we're not here to debate past downloading. We'd like to draw a line in the sand and look forward. We're here today to talk to this panel and encourage the province that—downloading still is taking place. It's taking place in the areas of emergency services, in the form of police standards being changed, emergency planning standards, fire service response guidelines, water, waste water and environmental standards, and in the capping of provincial subsidies.

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Our concern is that we'd like this panel to bring the message back to Queen's Park that there are dramatic effects on municipal councils across the province due to downloading, and to take these effects into account when contemplating future downloading. If future downloading happens by way of actually transferring a service or by implementing regulation changes that cause service standards to go up in local communities, that the effect of those changes made by the province comes with full funding, in both the short term and the long term; That's our concern with future downloading.

In the area of municipal infrastructure—and I think we're one of the few municipalities that has totally quantified this issue—and this is on page 7 of the document, we have quantified all of our infrastructure requirements. We estimate that we need about \$31.5 million per year to invest in our infrastructure. Right now we have \$16.6

million, so we're about 50% of the way there. A lot of municipalities don't have this totally quantified, but they're probably in the same ballpark as us in terms of where they need to be.

Our infrastructure plan is an eight-to-13-year phase-in of budget increases. We are asking our council to increase taxes 1.7% every year for the next 13 years to make up this deficit. We are using debt strategically in that period to cover some of those deficits. That debt issuance over that period is going to amount to about \$33 million. Our conclusion is that we need to strike some new partnerships with senior governments to help us and help all municipalities in this infrastructure investment issue.

Another issue is new revenue sources. The infrastructure issue that we just talked about highlights that. Property taxes are stable and predictable, but they're really not versatile enough for today's opportunities. We're asking the province to empower local councils with more tools and options available to them so that they can address the changing needs of investment and give our economic development people some more unique tools in terms of revenue to invest in the quality of life issues in the province.

Provincial Offences Act: There are about \$120 million owing to municipalities, and we just do not have the legislation required to collect those aggressively. Appendix B outlines a number of correspondence pieces between our CAO and the province, outlining the issue, but we need some provincial leadership to address those barriers to the collection of those fines.

OMERS premiums: We realize this isn't a provincial issue, but it is a 3% to 4% tax increase for all municipalities. The original phase-in was accelerated due to the market conditions last year. Those market conditions have changed somewhat. We're asking that, if the OMERS board does approach the province to revert back to the old phase-in timing, the province support that.

Opportunity bonds: We thank you and congratulate you for implementing that project. We need this program desperately. We're getting our long-term debt at a very aggressive rate, due to your efforts in this area.

The community reinvestment fund: We appreciate the dynamic nature of the funding there, because it reacts to cost changes, but we hear that a provincial review is going to happen this year, and we want you to remember that CRF funding was needed to level the playing field in the downloading that happened in 1997 and 1998; therefore, it must continue in Chatham-Kent's case because those services are still there.

Ms Gagner: Recommendations:

—The cost of any future provincial downloading due to either service delivery changes or service delivery standard changes resulting from provincial regulation be fully funded by the province.

—The province recognize the importance of investment in municipal infrastructure by implementing the necessary partnerships funding in its 2004-05 budget, including but not limited to a fair allocation to municipalities of provincial fuel tax revenues.

—The province provide municipal access to other alternative revenue sources in order to enhance the financial tool kit that local councils require to meet these challenges.

—The province facilitate the process required to make the necessary changes to the Provincial Offences Act that will allow timely collection of applicable fines. It's a win-win for both in providing a revenue source.

—The province support municipal requests to the Ontario municipal employees retirement system, OMERS, with the possibility of reverting to the original premium phase-in plans.

Those basically summarize our recommendations.

I think I might add a comment as well, being one of the mayors involved with LUMCO, the Large Urban Mayors Caucus of Ontario. There was some discussion with Minister Gerretsen with respect to the memorandum of understanding within the Municipal Act, and some conversation, "Well, you know, there was always kind of dialogue; is it really that new?" The intent of that was that there would be discussion on a partnership basis between all levels of government, trying to work together to provide sustainability for our cities and our communities. The reality is, we know we have one taxpayer and different levels of government. It might be nice to say, "We're going to reduce taxes here and there," but those services are downloaded and we have to deal with property taxes. It serves no one at that point in time.

We're looking at this to have a partnership, also utilizing the memorandum of understanding so that we could talk about the issues and the changes, and facilitate the legislation and regulations that work for all of us. We thank you for your time.

The Chair: We have about two minutes per party. We begin with the official opposition.

Mr Barrett: Thank you, Chatham-Kent. I concur: Chatham-Kent is a success story of municipal restructuring. You indicate your structure replaces 23 municipalities. I can't remember how many municipal politicians you have now compared to what you had before. I might ask that briefly. How many politicians were there before?

Ms Gagner: One hundred and fifty-six, down to 18.

Mr Barrett: One hundred and fifty-six to 18, which does set the stage for some efficiencies. If you believe in something, as I'm sure many of your residents do, you can make it work.

You've presented the figures on downloading, and I do point out there is the other side to that balance sheet: uploading, if you will, which represented \$3 billion that the province of Ontario took on from the municipalities across this province.

In your figures for downloading, have you subtracted, over that six-year analysis, the money accrued through the CRF, the community reinvestment fund?

Mr Wolting: Yes, we have. Those figures are net of the CRF funding.

Mr Barrett: And net of any subtraction of costs for children's aid or welfare that your municipalities were paying before?

Mr Wolting: Absolutely. The original downloading that happened in 1997 through mega-week had a net effect of \$2.5 million for Chatham-Kent.

Mr Joe Pavelka: We've been very orthodox about that. Quite frankly, it's not revenue neutral, and this committee must understand that. These are net costs to the municipality that in fact the property taxpayers are having to pick up.

Ms Gagner: I would add that we are continually looking for efficiency services. We're one of the few, if not the only, communities that have now installed what we call C-K Traax, but really it's a variation of Citi Trax, so that we're measuring every aspect of what's going in in municipal businesses and services for response time and for costs. That's why you'll see other operations costs, in some cases, going down. The emergency services are the key thing that is driving—between conciliators, arbitrators and parity—and when it comes to parity, none of those people recognizes that it costs a lot less in Chatham-Kent to live than it may in Toronto, but everybody wants to be paid the same. That's one improvement that can certainly help, if through legislation these arbitrators are shown that, "You need to take those things into consideration for parity as well," because it's police to fire to EMS to nurses. It's a huge issue and a cost that we have no control over, yet the province caps a lot of limits on what will come to the municipality; for instance, with EMS, 1%. Yet all those increases are substantially higher than that.

The Chair: We'll move to the NDP.

Mr Prue: I turn to your recommendations. You've made five of them, but two of them I want to focus on. The first one is number 2: "The province recognize the importance of investment in municipal infrastructure by implementing the necessary partnership funding in its 2004-05 budget, including but not limited to a fair allocation to municipalities of provincial fuel tax revenues."

The finance minister has already suggested that this may not be possible this year, next year or maybe even not until near the end. Can you wait?

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Ms Gagner: The answer to that is no. Let's face it, the reality is that we're going to have to do what we have to do, and that means if we're not getting it through a partnership, I think the federal government needs to play a much more major role with the provincial government. It all comes down to that same taxpayer. So you can say you can't do it, and then we're going to have to shift to the property taxes, but the cost is there either way. I think if the province and the federal government work together on dealing with some of these—we all compete for these dollars, quite frankly, with the systems that are there. I think there is a way of dealing with it. I understand there's a deficit. Deficits in municipalities are probably five times the provincial, when you take a look at it. The reality is, we all have that issue. So what is the best way to use the tools, devise the programs, working in partnership with all three levels to make it so that we can work towards these issues with the cities? The reality: no cities, no infrastructure, no investment attraction. We

know we're dealing with the automotive issue. There have to be policy changes at all levels around these issues.

Mr Prue: If the province doesn't have the money to give you, would you be in agreement that they impose an additional two cents per litre of tax? If they can't just give you two cents from their own, would you take another two cents? Would that harm your municipality?

Ms Gagner: That's really putting me on the spot as an individual. I think certainly I would take that to council and it should be looked at. But I don't want to sit here and say, "Sure, if that's your easy way out, let's put it in municipal hands to fix the problem." I think we all have to work together on this. As I said, we all have budget deficits, and I think the municipal deficit is a much worse situation than even the provincial. Obviously there's some money in the federal.

Education, infrastructure and health care are critical to the success of our cities, Ontario and Canada, and we all need to come to terms with that and do something collectively or we're just not going to exist, and we won't be attracting the investment. I'm sorry, manufacturing is key. We will not make it on service alone, if you study the economics of it. So we have to work together on these issues. To say that we're only going to look at the big cities maybe and deal with it there—immigration policies, all of those; capacity infrastructure in municipalities such as Chatham-Kent and yet you're adding the infrastructure in bigger cities that don't have it; you've got urban sprawl. All of those policies need to be looked at, and I think there are dollars there to be shared.

The Chair: We'll move to the government side.

Mr Bruce Crozier (Essex): Good morning, Your Worship and gentlemen. You've been very diplomatic in your recommendations by saying that the province should facilitate the collection of Provincial Offences Act fines. In being diplomatic, we all know that what we're probably talking about mostly occurs on the 401 and it is those fines that are attributable to US visitors. Your CAO brought this to my attention a week or so ago, and I had mentioned that we had previously written to I think Mr Harnick when he was Attorney General, and for various reasons at that time it wasn't done. So we will pursue this with the current Attorney General and try to implement what is more commonly known as roadside bail, so that you will get some of those fines. I too don't like it when I see an out-of-province car, particularly from the US, stopped beside the road, knowing full well that they can rip the ticket up in the officer's face if they so choose.

In the little bit of time remaining, we've talked a bit about the gasoline tax, and you used the term "new and unique tools for increasing revenue." Do you have any other suggestions where there might be areas of revenue that you would like us to look at?

Mr Wolting: I can give an administrative point of view. In the economic development area, we are 50 miles away from the United States and they are able to implement stuff like hotel taxes and so on. Our economic development people need those types of things. Council is faced with unique investment opportunities all the

time, and sometimes the users of those facilities that we need to attract investment need to be a partner with money, and our council needs the tools, such as a hotel tax and those types of things, to collect some revenue from those users.

Mr Crozier: Thank you. Perhaps you could give us some suggestions.

Ms Gagner: One of the things we discussed before we left was that when you go in and try to tell another level of government what to do, it usually doesn't go that well. So what I would suggest is that there be a separate task force in looking at being very creative and innovative in coming up with some tools, if you have the municipal partners and the provincial partners there to deal with that task force, and then run that across the province and the municipalities and see if we come up with something that's palatable. There will be those who will be pro what Gerry said and those who will be against it. That certainly works in Toronto. I'm not sure that those things will work in smaller communities.

The Chair: Thank you for your presentation this morning.

Mr Colle: On a point of order, Mr Chair: I wonder if we could get research to give us a background paper on this Provincial Offences Act and the collection of unpaid fines issue to see what the issues are involved with that; secondly, if we could contact the Attorney General's office and ask them for an update on the measures being contemplated in terms of dealing with this issue of unpaid provincial offences fines.

The Chair: Yes, we can ask research for that and supply it to every member of the committee.

Mr O'Toole: Chair, I would support that and just add one more item to it. What would Chatham-Kent's portion of the gas tax be? It might be another one that—I'm sure they have the number.

The Chair: I would recommend that you speak to the people.

Ms Gagner: The other thing on the Provincial Offences Act is that we know the largest percentage of that is with our US drivers, but we recently have found that in Ontario it's not being collected very well. There should be no reason for that, since we control drivers' licences.

The Chair: Thank you. We'll get the information as requested and supply it to committee members.

Thank you for your presentation this morning.

Mr Pavelka: I just want to add to that. Really it was an excellent resolution, because quite frankly we've been thwarted in the last six months by the provincial administration in trying to get that exact information.

The Chair: Thank you.

LONDON-FANSHAWE PROVINCIAL
LIBERAL ASSOCIATION
LIFE*SPIN

The Chair: I call upon the London-Fanshawe Provincial Liberal Association and LIFE*SPIN. Good morn-

ing. You have 20 minutes for your presentation. You may choose to allow some time for questions, if you desire. If you would, please give your name for the purposes of our Hansard recording. You may begin.

Mr Bradley Dorrance: My name is Bradley Dorrance. I am the vice-president for public policy of the London-Fanshawe Provincial Liberal Association. I'm here today with Jacqueline Thompson, the executive director of LIFE*SPIN, a community advocacy and support group for lower-income Londoners.

My presentation today really centres around the minimum wage. Back in 1989, we all recall that the federal government passed a resolution to eliminate child poverty by the year 2000. We further know that that has simply not materialized. In recent years, as I've noted in the paper, Ontario's minimum wage has certainly not been raised since Premier Rae added, I believe, a 9.8% increase on January 1, 1995. In 1995, the present minimum wage was worth about \$7.89 in today's dollars. We've seen a \$1.56 loss of buying power after inflation since 1995.

When we put Ontario's minimum wage in perspective with other jurisdictions in North America, particularly New England, we see that Massachusetts leads the way with an \$8.50 minimum wage, adjusted for the currency exchange.

There is a misconception regarding minimum wage earners in the province of Ontario and certainly across Canada that most of them are in fact teenagers living at home with their parents and working part-time. But 61% of Ontarians working at minimum wage are adults over 19 years of age. So really the task of the provincial government is to provide something much closer to a living wage with reference to the low-income cut-off line, as published by Statistics Canada.

I am pleased to note that we saw Minister Bentley here this morning. I'm also pleased to note, by the way, that my provincial representative, Khalil Ramal, is around the table. Minister Bentley and the government have, as you know, instituted a 30-cent-per-hour raise beginning February 1 of this year and, of course, 30 cents a year for the three years after. I'm pleased that the government has taken action, but I have to say that the increase with respect to child and family poverty is rather like chipping away at an iceberg with a teaspoon. The 30-cent-per-hour increase is simply not adequate to address the needs of families in Ontario.

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My goal today is to present a model that I have created for something that might be a new program in order to take the present gross income for a family from 59% of LICO to about 70% between 2004 and the end of 2007. Premier McGuinty certainly at this juncture has an opportunity to distinguish himself as an extraordinary Premier with respect to issues of child poverty.

The first proposal is related to the consumer price index and a potential increase based on that index modelled after what Washington state has done. Washington state for several years has indexed their

minimum wage to the consumer price index. The program that I'm proposing first is a minimum wage indexed to consumer price index, moving cautiously in order to protect small businesses.

The second element of my proposal is to narrow the gap—"Bridging the Gap" is the title of my proposal—between the minimum wage and the low-income cut-off line by offering an income supplement to lower-income Ontarians. Certainly the goal here is to mitigate the effects of child and family poverty by providing additional income.

After the scheduled provincial increase of 30 cents, I would refer the members of the committee to table 1 on page 2, which combines Minister Bentley's increase to the minimum wage with a CPI increase of 1.9% based on average values between 1995 and 2002 from Statistics Canada. As you see, at the beginning of the table we see \$6.85, which is the present minimum wage. Minister Bentley's target is \$8 per hour by 2007. Mine is \$8.63, so we're seeing a 63-cent increase. Really what we're talking about is between 14 and 16 cents annually on top of Minister Bentley's scheduled increases. The other note and proposal I should make is that I'm attempting to be responsible with respect to small businesses, in particular by staggering this by six months, so my CPI increase would commence on August 1 of this year.

The proposed LICO subsidy for low-wage earners would be aimed at further enhancing the buying power of the minimum wage by providing public funds to eligible adults. All adults on minimum wage will receive the annual CPI increase. The LICO subsidy would be focused on ameliorating child poverty by providing additional income to working single adults in particular.

Suggested eligibility: permanent resident of Ontario, 18 years or older, single parent or caregiver, pre-tax income at or below 70% of the low-income cut-off line. I exclude automatically persons employed as restaurant servers etc simply because they are receiving gratuities on top of their minimum wage, which certainly brings them above and beyond the base minimum wage.

Table 2 on page 3 gives a picture of what the low-income cut-off line increases look like, again based on Statistics Canada numbers. We're seeing an increase from \$18,091 in 1995 to \$22,688 projected by my model in 2007. That's a 22.5% increase, or \$4,597 over that period to simply keep up with LICO.

As I mentioned at the outset, we're certainly well back of where we should be with respect to providing additional income for disadvantaged people here in Ontario. I mentioned the average of 1.9%, so I've fixed both of those values for the purposes of my model.

I also should note that my hypothetical client is a single adult with one child, residing in the city of London, which is a particular population criteria related to Statistics Canada's, with a population greater than 100,000 and less than half a million.

So the LICO subsidy will be calculated using the formula outlined on page 4, using the percentages: 2% for the first year, 4% for the second, an aggressive 8% for

the third, and 6% for the fourth year, again aimed at bringing this sample client's wage up to 70% of the low-income cut-off line.

Again, the LICO subsidy would not start until 1 August 2004, so only wages earned in the last five months of this tax year would be eligible for benefits. However, it would obviously carry through to the following years.

A simple four-step formula on page 4: We begin with the low-income cut-off line for the year, divided by the eligible hours worked during the tax year. I'm coming up for most years around 1,750 hours worked by someone working 35 hours a week, roughly. What I've done there is I've created LICO expressed as an hourly value. I'm calling it the HWT, or the hourly wage target. So the hourly wage target will be placed in the second part of the equation, and subtracting the CPI adjusted minimum wage brings us to the wage gap, which I want to work to bridge over the next three or four years.

In stage 3, multiplying the wage gap by eligible hours, we arrive at eligible earnings for the purpose of the benefit, and completing the actual dollar amount of the benefit by the LICO benefit as a percentage of eligible earnings. So in this case, 2004 would be a 2% increase.

Just with respect to our hypothetical single parent with one child, working a 35-hour workweek, in 2004, this person will have worked 1,764 hours. The hourly wage target is expressed as \$12.20 per hour. Subtracting the adjusted minimum wage, \$4.90, and working down the equation from eligible benefits, this person in 2004 would be eligible for a benefit of \$75.50, payable in the new year, following the end of the tax year.

Table 3 on page 5, committee members, refers to my income projections for this individual based on earnings in January, earnings in February to July, August to December. These three listings of months do have different rates of pay. You'll note the subsidy of \$75.50, which I've already mentioned. This brings the person's income to \$12,742. Subtracted from the LICO, the shortfall for the client is \$8,971. Again, the percentage of shortfall is 40%. Working down to 2006 and 2007, we have raised the wage of this person to \$15,358 and brought their shortfall to 30% of LICO.

Really, just working down to the conclusion, I recognize there's some work to be done with respect to this model, but if you had asked me a year ago if I'd be so excited about macroeconomics, I probably would have told you that you were crazy. But I do believe this is an excellent model for the government to look into.

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Unfortunately, the Ministry of Labour told me they didn't have any accurate figures for me based on what I needed, but in the year 2000, 489,000 workers in Ontario earned between the general minimum wage of \$6.85 and \$8 per hour. So just say hypothetically, if I have 100,000 single parents, the same demographic and hours of work and size of city of this client, basically the program would cost the government in direct payments \$75.5 million in the first year. The CPI increase paid by the

private sector for the same group in this year would be \$10.78 million, for an estimated total of \$86.28 million injected into the Ontario economy.

There are a number of issues that I'd like to work through, and there is one concrete example that I can give you of a benefit of this proposal. We'd need to look into payroll expenses, as it relates to the CPI increase. We'd also want to explore the benefit of additional sales and income taxes paid to the province. We also want to explore how much the province will save annually on services directly and indirectly related to child poverty.

A concrete example that my friend has brought to my attention is a research study that was done for the children's aid society here in London, which states that to have a child in foster care and this does not factor in specialized care or juvenile detention—is \$121 per day. Presently, there are over 800 children in the care of the Children's Aid Society of London-Middlesex. That gives an annual cost for 800 children of over \$3.5 million. When you consider there are 50 to 55 children's aid societies in the province of Ontario, the math is astounding in terms of the potential savings by providing additional income to families, reducing family stressors and the potential of child abuse.

At this time I'd like to yield the floor to my friend for her presentation.

Ms Jacqueline Thompson: I'm here today to represent LIFE*SPIN, Low Income Family Empowerment*Sole-support Parents Information Network and, on behalf of the network, to express grave concerns about the unravelling of the social programs in our province and the escalating social deficit.

In 1995, the assistance rates in Ontario were cut by 21.6%, and the cost of living increased about 18% over the same time. There have been no similar increases in allowances. As a result, families have sunk deeper and deeper into poverty. Living in poverty can have a negative impact on the lives of children in terms of physical health, emotional well-being and school performance, all of which have long-term implications and costs for Ontario.

The despair resulting from the elimination of social standards is now dreadfully visible on our streets. Living in homes with no heat and no hydro during an Ontario winter is not an acceptable standard of shelter in the minds of most people in Ontario, yet hundreds of families in our community experience this on a daily basis.

Countless studies and surveys demonstrate that Canadians care about their neighbours and the provisions and protection of our social programs and the values they represent. We care about them so much they're enshrined in our constitution.

We the people in this community believe that never again should our children have to go to bed hungry, never again will our homeless languish in the streets and die in our public markets from cold, and never again will the sick be refused access to equitable health care.

Ontario has the obligation and the interest to protect the inherit dignity of human persons and the right to an adequate standard of living, health care and education.

In 1995, the provincial government narrowed the scope of available assistance through numerous restrictions regarding eligibility and reduced levels of assistance. The introduction of these restrictions validated an assumption that the need for assistance is attributable to personal rather than societal and structural failings. Blaming the recipient resonates in all subsequent policy revisions to the Ontario Works Act. In fact, in Ontario 31.3% of all applicants are denied welfare. They are no longer considered eligible with the restrictions. When people do apply, they are required to undergo a lot of detail, and actually the process of applying sometimes turns people away, even though they are eligible.

I've given you an example of a gentleman from our community: John, who is 61 years old. He's dying of cancer. He lives with his 88-year-old mother. The radiation treatments that he's having won't save him; they're only slowing the inevitable end of his life. In Ontario, that means he can only have Ensure, if they have it at the food bank. So he's either going to die of cancer or starvation. It's happening to this gentleman. He should qualify for a drug card and a special diet allowance, but when he applied for welfare they made him bring his old mother in as well. Numerous questions about her pensions, her assets and eligibility confused her and upset her, and she was left feeling that somehow she was responsible for her son dying. When she broke down, with tears running down her gentle, tired face, her son ended the interview. He couldn't bear to see his mother tortured. Literally, he felt that he would rather die.

In addition, when people do receive welfare benefits, sometimes there are things that stand in the way of that continuing. Applicants are hampered in their ability to challenge some of those decisions by the length of time it takes for a tribunal hearing. Another example from our community is Sandra, who has bipolar disease, a mental health issue. Once she was diagnosed and given proper medication, she was able to return to gainful employment, and each month her hours gradually increased as she showed herself willing and quite capable of doing the job. The last month she received welfare, she only got a \$130 top-up to her wages. The following month was December and she got extra hours because of the Christmas rush, and she got cut off of welfare. That meant she lost her drug card.

The Chair: Pardon me. I remind you that you have about a minute left in your presentation.

Ms Thompson: OK. She was scheduled to work her regular hours again, but with the loss of the drug card, she couldn't handle the stress of not having the medications. The mental health symptoms returned and she was fired. There is no reason why this woman is not working in her community other than that her drug card was cut.

When Sandra reapplied for welfare, she was told she was not eligible and will not be allowed to return to

social assistance for three months. She has no available income whatsoever for three months because she violated the quit-fired rule.

I have given you a number of examples throughout the written presentation, and you're going to have to take time to read over that on your own. I have included revenue-generating changes that can be made to the system. As well, the Honourable Mr Bentley might be of assistance in reviewing a particular example of cost savings around the welfare fraud stigmatization that's going on in the province now.

I would like to leave you with just one more picture from the Ontario disability support program, which needs immediate attention. The Liberal government was elected on a platform that offered change, that promised healthy communities and attention to children, women and families. We expect you to live up to your promises. The budget must be built on the premise that all citizens have a basic right to income support and that a wealthy province like Ontario must set and meet near targets for the elimination of poverty. This government must keep those campaign promises for change or you will have claimed the Tory legacy as your own.

Darren is living on the streets of London. He is a gentle man when he has the medication prescribed to deal with his mental illness. Because he's homeless, he does not receive any money for his shelter needs. Because he's homeless, he has to pick up his welfare benefits from the Ontario Works office. He cannot go into the Ontario Works office unless he receives security clearance first. Every time his cheque is put on hold and he does not receive his drug card, the symptoms of his mental illness are further exacerbated and he becomes more and more frustrated with the system that has beaten him down. Darren is angry.

Darren has started the application for ODSP several times. From the time the application starts, he has 90 days to get it to the adjudication unit. Because he's homeless, his life does not have regulated stability, nor are his Ontario Works benefits regularly accessible. He has no phone to start the application process and there is no phone number to call him at. There is no address to update him at or notify him of appointments. He now has no family doctor and none are available in our community for new patients. Psychiatric specialists are frustrated with having to continually fill out the same forms and having him frustrated with their office staff. Darren is angry.

Darren disappears every two or three months into a psychiatric ward or to jail. Even the local legal clinic has tried of trying to get this man the disability benefits to which he is entitled. On good days, Darren finds housing. Then he applies for community start-up benefits that have never been processed fast enough for him to secure the only places that are affordable on Ontario Works. When he's ill, he must become dangerously ill to get a bed in the hospital, just to get out of the cold during the day. If he received shelter amount for ODSP, he would have housing. One critical factor as to why he does not get ODSP is because he does not have housing.

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The fact that the Ontario Works office recognizes the mental health issues and has implemented measures to restrict his entry into their offices should serve as a fast-track trigger to get this man the disability benefits which would enable him to live with some dignity.

The process for application restricts this man's submission. He cannot apply for ODSP on his own behalf due to the conditions of his mental illness. Doctors cannot apply for ODSP on behalf of their patients and frequently do not attach the official reports necessary for the adjudication unit to be convinced of their diagnosis. Ontario Works workers and managers cannot apply on behalf of recipients. Who, then, is responsible for the imminent result of leaving this man homeless, without critical medication, without hope? Who allows this unfair, unjust legislation to restrict eligibility to benefits that are rightfully his, beyond question? When will you change this legislation that endangers Darren's life and perhaps the lives of all those who cannot help him?

The Chair: Thank you both for your presentation this morning before the committee.

LONDON AND DISTRICT LABOUR COUNCIL

The Chair: I will now call upon the London and District Labour Council. Good morning. You have 20 minutes for your presentation. You may leave time for questions if you so desire. Please give your names for the purpose of our recording Hansard.

Mr Jim Reid: My name is Jim Reid. I'm the second vice-president of the London and District Labour Council and the first vice-president of CAW Local 27 of London.

Ms Sandi Ellis: I am not Rick Witherspoon. I am Sandi Ellis. I am the Canadian Labour Congress representative in southwestern Ontario, and I work with the London and District Labour Council.

Mr Reid: Thank you for the opportunity to make this presentation on behalf of over 30,000 union members in London and area who are affiliated with the London and District Labour Council. We represent working people in both the public and private sectors. Our labour council has a long history of community involvement and social and political activism.

To be honest, we are somewhat wary of the motives of the new Liberal government's consultation process. The skeptics among us dismiss this exercise as nothing more than an opportunity for the government to use the fact that they have consulted us as justification for cutting funding to services and programs that many Ontarians rely on.

We are encouraged that this government has invited us to the table for some open and honest discussion about improving this province for all its citizens and not just that special interest group of wealth and privilege. This is a constructive and welcome change from the previous government's open animosity and denigration of those who disagreed with their direction.

The question that needs to be addressed is not whether there is a deficit but why there is a deficit. If we are to address what Premier McGuinty describes as a structural deficit, we must also examine the economic underpinnings of the structure, identify its architects and put forward a blueprint for rebuilding.

The Liberal government has identified \$3.5 billion in annual wasteful spending carried out by the Harris-Eves government. Therefore, we can make a rational assumption that Premier McGuinty and Finance Minister Sorbara will not be wastefully spending \$3.5 billion a year. This brings the deficit down to \$2.1 billion. But \$5.6 billion sounds much scarier than \$2.1 billion, especially when we are talking deficits, so we'll play along and call it \$5.6 billion. After all, we're still on a honeymoon with this government, and what's a few billion among friends?

We can't blame Premier McGuinty for this mess we're in, so what did cause the estimated \$5.6-billion deficit? We have the Tory excuses of 9/11, SARS, mad cow and a sluggish US economy since the reinstallation of the Bush regime in 2000. While these events have had some limited, short-term effect on the provincial economy and government revenues, they did not cause the deficit. As much as we don't like to kick a dog when it's down, I'll pull my steel boots on and give the Tories a good swift kick in the chops—metaphorically speaking of course.

What we are facing today is not an economic crisis but a growing crisis of confidence; the confidence of working people in the future and the direction of capitalism in this country. In today's Ontario, we can see the rapidly expanding gap between rich and poor, the stagnation of real income of the middle class, the erosion of public services, the widespread fraud and corruption of our markets, and the unabated degradation of our environment.

The optimists among us look to the government to balance the legitimate interests of the majority against the might and power of capital. Unfortunately, there has been a dramatic and undemocratic shift in power to corporations and financiers. As workers and citizens, we have bought into the new reality of the sanctity of the bottom line. As a result, we ignore the productive potential of society and look only to restraints and cutbacks as a short term means to solve the problem of deficit.

Last October, the majority of voters rejected the notion that Ontario would be a better place if we reduced our personal income taxes and cut corporate taxes.

The real agenda of the Common Sense Revolution was to starve government by limiting its ability to raise revenues. This manufactured crisis in our schools and hospitals led to the conditions for private sector encroachment.

From their election in 1995 until the end of fiscal year 2000-01, the Harris-Eves government reduced public revenues by a combined total of \$32.5 billion. The amount of debt directly attributable to Ontario's tax cuts ballooned to \$14 billion. The carrying cost alone for this portion of Ontario's debt is estimated to be in excess of \$800 million annually. The Harris-Eves tax cuts have

resulted in an annual reduction of \$9.5 billion in personal income tax revenue and \$2.6 billion in corporate tax revenue.

The present \$5.6-billion deficit looks relatively small when compared to the money lost to tax cuts. What these numbers speak to is the fact that we don't have a problem with the deficit; we do have a revenue problem. This leads us to the reason we are here today. We are not here to solve the deficit problem; we are here to assist the government in resolving its political problem.

The dilemma faced by the provincial government is largely a political one. Last fall, the Liberal Party won the election by campaigning on a platform of change. Promises were made to invest in health care, education and infrastructure. We look at some of those promises: 8,000 new nurses, the allocation of two cents of gas tax to municipalities for public transit, a class size cap of 20 in grades 1 to 3, matching federal funding to create almost 20,000 affordable housing units for needy Ontario families as well as funding for 35,000 rent supplements for those in need. Those are some of the promises the Liberal government campaigned on.

During the campaign, Candidate McGuinty signed a pledge with a right-wing fringe group promising not to raise taxes. Following the election, Premier McGuinty resorted to the age-old tactic of most incoming governments and professed not to have known the extent of the mess they inherited. Lawyers use the term "plausible deniability"; working people have another term for it.

Commitments to rebuild the province after eight years of social vandalism are set aside. Trial balloons such as selling off the LCBO, putting tolls on highways and means testing seniors drug plans are floated.

A consultation is launched, input is sought. The terms of reference reported in the media are: What programs and services should be cut first, how can we increase government revenues, what user fees can be imposed or increased, and what can we upload to the federal government or download to the municipal government?

In every organization, a shortfall in revenue leads to a deficit. The previous government created a shortfall in revenue. This shortfall in revenue was created mainly through tax cuts. These tax cuts had a disproportionate benefit to individuals with high incomes. Since 1995, 18% of the highest income earners have received half the benefits of the income tax cuts. For example, taxpayers with incomes in the range of \$150,000 to \$250,000 saved approximately \$15,000 annually. For most working people, there was hardly any noticeable difference in our standard of living due to the Harris-Eves tax cuts.

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My question for the number crunchers is: How many tax cuts did it take to create a deficit? My question to the Liberal government is: Shouldn't the people who derived the greatest benefit over the last eight years of tax cuts now be required to assume their share of the burden? If we are in as desperate a financial crunch as the Premier says, wouldn't it make sense to rescind the Harris-Eves

tax cuts until such time as we as citizens can afford them?

The alternative of cutting funding to more public services is not the road this government needs to take. Over the past eight years every major area of public service has lived with an ongoing funding crisis. We have tried the medicine of slash and burn politics and it doesn't work. We are left with a serious revenue shortfall. Not only that, we are left in this province today with a shortage of affordable housing, inadequate and criminal neglect of our elderly in long-term-care facilities, a shortage of doctors in our community, a hydro system in chaos, an epidemic of homelessness, a dramatic increase in food bank use, and the safety of our food and water at risk.

The legacy of tax cuts has caused the deficit, cutbacks and restraint. Why would any government with a mandate for change choose to continue with the discredited trickle-down economic policies of the past?

There is another road we can take. If the objective of the government is to improve the economy and reduce the deficit, the first item that needs to be addressed is the issue of wealth redistribution.

It is time to restore the levels of fair taxation that ensure essential public services are maintained.

If government is serious about wanting to stimulate the economy, it needs to raise the minimum wage to \$8 an hour right now, not three years from now. While you're at it, index that to inflation. The previous presenter had some very good ideas that I believe this committee needs to explore in some detail. Hopefully, the government can take some of those recommendations seriously.

The government also should be increasing the social assistance rates by 30%. You will cut food bank use and take some of the burden off of our charities and community service providers.

If you want to stimulate the economy and not cost the government a dime—I think I'm getting the Liberals' attention here—restore indexing to injured workers with workers' compensation pensions. Those folks are falling further and further behind every year since the modified Friedland formula was put in place by the Tories.

The folks affected by these proposals don't take foreign vacations; they don't have offshore investments and tax shelters. These are the folks who spend every dime they get in the community. These are the folks who pay the PST on everything from diapers to doughnuts. These are the people who need change the most.

We are encouraged by the government's recent commitment to increase funding for ESL students. Investment in all levels of education pays off, as our second presenter this morning talked about, in attracting companies looking for a skilled and educated workforce.

Since NAFTA and the end of the auto pact, Ontario has lost nearly 250,000 industrial jobs. Many of those jobs have been in auto assembly and auto parts plants. With one in six jobs in Ontario reliant on the auto sector, government needs to be proactive in attracting invest-

ment and providing incentives for research and development of new technology, especially as it relates to the development of eco-friendly products. We acknowledge the importance of the government playing an active role in strengthening our industrial base, and this importance cannot be underestimated. We hope that commitments made by this government do not get pushed aside.

Labour remains committed to working with all levels of government to retain and attract good-paying jobs to Ontario. As workers we understand the motivation of the private sector and we emphasize our opposition to their involvement in providing publicly needed services. Whether it's hydro, education or health care, the most long-term cost-efficient provider of essential services is the public sector. The private sector has fiduciary obligations to investors that take priority over social obligations to the public.

It's safe to say that this government will find widespread opposition to an agenda of privatization and P3 partnerships. The last thing Ontarians want or need is multinational corporations taking profit from essential services out of their pockets.

While we can appreciate the tough choices this government has to make, it's time to address the real needs of all Ontarians and not just the wealthy and privileged. That would be a change even the most cynical among us could appreciate.

On behalf of the London and District Labour Council, I thank you for the opportunity to make this presentation and invite your questions.

The Chair: Thank you. We have about two minutes per caucus, and we'll begin with the NDP.

Mr Prue: You are advocating that the revenue go up. I've been talking about that now for a couple of days. You are advocating that it go up, with those who are most able to afford it paying the lion's share. That's what I can see.

This is in contrast to what some other groups are saying. They are saying that everybody needs to pay, from those who start paying income tax at the 6% rate, right up to the top. Some are advocating a 2% general overall tax from everyone, but yours is different, and I want to zero in on it. Why are you advocating that those at the higher level of the economic strata, those earning \$100,000 or \$200,000 or \$300,000 a year, pay more?

Mr Reid: First of all, they have benefited more than any other group in society over the last eight years. That's the first item.

Increasing the tax on somebody earning, say, between \$100,000 and \$150,000 by 2% from the current—it's about 11.19%—and increasing taxation back to the previous levels of people over \$150,000 can generate over \$1.3 billion in new revenue for the government.

Ms Ellis: The previous government had a surtax on people earning over \$100,000 and then an even higher surtax on people earning over \$150,000. It would be our position that you should re-implement those taxes.

As has been said, there were a lot of promises made during the campaign. There were over 200 made to the regular citizens of Ontario, and just that one signed with

that other group. I would ask you, is it not more sensible to break one over here than innumerable ones on this side? Raise taxes on those who can most afford it.

The Chair: Thank you. We'll move to the government.

Mr Colle: Thank you for the very clear presentation on a very complex series of issues. It's very helpful.

I guess the one thing I'm trying to get at it—maybe you can help me—is the point you made about this argument about the results of a financial policy built on tax cuts. As we've seen, the last eight years, this previous government said that this will create a buoyant economy, create jobs, etc. But we know that in fact the tax cuts have left us with a \$5.6-billion deficit. They've added \$50 billion to the provincial debt, which is costing us now, I think, \$11 billion a year to service.

So I guess what I would ask you is, would it help if we could somehow try and get this clarified on what the real impacts of continued tax cuts are, as opposed to another approach, rather than the tax cut approach of the past?

Ms Ellis: Look at Britain.

Mr Reid: Exactly, and look at the United States, where you've got states and you've got municipalities on the verge of bankruptcy because of this mania, ever since the Reagan administration, the Reagan factor, of tax cuts.

We're starving our municipalities. Mayor Gagner came to this panel earlier talking about the absolute crisis we're in. In London right now, we're facing a 13% municipal tax increase. What's that going to do to seniors trying to live and stay in their homes?

My figures are, the Tories added \$21 billion to the debt, not \$50 billion. So I think that was Mr O'Toole's point of order.

Mr Colle: Finance officials record \$50 billion.

Mr Reid: I think the debt is \$50 billion right now.

Mr Colle: They added \$50 billion.

Mr Reid: I'll live by your numbers.

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Ms Ellis: The fact of the matter is, as Jim has said, the most efficient way to provide services is through the public sector: publicly built, publicly administered, publicly owned. Privatization has a fiduciary responsibility to raise money for their shareholders. The shareholders of any public corporation, publicly owned, are the residents of that province or community. Therefore, it only makes sense that if there is any profit to be made, it should then go back into that community on behalf of those citizens, not some private corporation headed by some multinational corporation or person who takes that money to their head office in the States or invests it offshore, outside of Canada. We need to support our own country and our own communities.

The Chair: Thank you. We move to the official opposition.

Mr O'Toole: A very lively presentation and to some extent somewhat humorous, but I do take your point and I think you've made the point very well.

I just want to refer those listening or those who might be interested to your page 4 comment. I don't know

whether it's tongue in cheek, but I think there's a ring of truth to it, because I've heard it before. It says, "Following the election, Premier McGuinty resorted to the age-old tactic of most incoming governments and professed not to have known the extent of the mess he inherited. Lawyers use the term 'plausible deniability.'"

I thought that was quite well stated, and I credit you with that, but we did hear it, and for those listening, I would refer you to a presentation entitled "Ontario Chose Change: Will the Liberals?" by Hugh Mackenzie on the Ontario Alternative Budget technical paper. He went on to say in this that they knew all along and yet they promised everything, over \$6 billion in promises, and have no intention of following through on any of them. I think they are breaking most of them, and that's fine.

Probably that's the question I have for you, and you did answer it to some extent already. Which of the 231 promises should they break: the one not to increase taxes or the others, which were to hire 8,000 nurses, which they haven't done, or the Oak Ridges moraine—they haven't done it; you know, the whole thing? Now they are talking about—in fact, they are imitating most of our policies—the LCBO sale.

My question to you is one very specific question.

Interjection.

Mr O'Toole: These are public policy debates, and I think they are important debates.

I've heard this before, for municipalities and for others. As you know, in filing your income tax on an annual basis, for income groups there is a rebate on the GST. There is a GST rebate for those on low income, students and things like that. We've heard it from municipalities, from the universities. They want an exemption from the PST, and arguably from the GST as well, on those kinds of public service issues. Do you favour the elimination of the PST for persons on income below a certain LICO level or some level like that, or a rebate at the end of the year based on their filing? Basically, their income is all spent. You could say it's an 8% rebate, technically.

The Chair: Is that your question?

Mr O'Toole: It's sort of a question until I run out of time.

Mr Reid: I would tie the elimination of the PST into something else. It would be an idea of giving credits and rebates to corporations that actually provide eco-friendly packaging and products, recyclability. I think you could do a number of things if you looked at that.

As far as PST, the fact is that the auditor, I believe in last year's report, found that one in two businesses in the province of Ontario weren't remitting their proper amount of PST. So at this point we need either to enforce the current provisions of the legislation that allows for the collection of the PST and go after some of these businesses and companies that aren't properly remitting or we need to scrap it and tie it into the environment. If you're going to produce a product like beer, say, which is a popular thing for a lot of working people like myself—

Mr O'Toole: Is there tax on beer?

Mr Reid: No, but the way the Brewers Retail—

Mr O'Toole: It's an essential product.

Mr Reid: It's an absolutely eco-friendly product. They have almost a 95% recycling rate. But if we have products like that, we should be giving breaks to manufacturers, whether it's an auto parts plant or an auto factory or somebody making stoves and refrigerators. Unfortunately, we're losing our last major appliance maker in Ontario. But we need to look at innovative ways to tie taxation into corporate responsibility and the ecology here.

Mr O'Toole: Different tax policy is what you're saying. I appreciate it.

Ms Ellis: And commitment to community. If you're doing something environmentally friendly and you have energy-efficient products, that's where we should look at that kind of thing.

The Chair: Thank you for your presentation this morning. We appreciate your appearing before the committee.

Mr Colle: On a point of order, Mr Chair: Just to follow up on the point brought forth by the deputants, I'd like to ask research to give us a report on the relative results of various jurisdictions that have followed a similar policy of reducing public revenues by using tax cuts as the cornerstone of an economic policy, and if he could look at some of the US examples noted by the deputants. I think he mentioned Great Britain.

Mr O'Toole: Could we get New Zealand in that as well?

Mr Colle: That's fine. That would be good, and Ontario.

The Chair: Order, please. Just one question at a time. We'll deal with all of them if need be. The researcher would like to know what type of results you're asking for. You're asking for a result.

Mr Colle: I'm looking for the impact it has on the accumulated debt of that jurisdiction, the current deficits they are carrying and the infrastructure deficits in terms of dollar amounts. I know in Ontario we have a \$60-billion infrastructure deficit, so the impact it has on capital deficits for public infrastructure. Basically debt, deficits, and gaps in funding public infrastructure.

The Chair: Research will attempt to find those figures, if they are available, and provide them for all committee members.

Mr Colle: Australia would be interesting, and New Zealand.

The Chair: Australia and New Zealand are to be included. The member asked for all jurisdictions, so it's going to take some time.

Thank you very much.

Applause.

The Chair: Order. I remind the audience that demonstrations are not allowed.

Mr Barrett on a point of order.

Mr Barrett: As you know, Mr Chair, and our research officer knows this as well, I would also request some assistance from legislative research with respect to

the issue of tax increases. More specifically, in Monday's testimony from Ministry of Finance staff there were several questions with respect to tobacco tax increases from both myself and the finance critic. Federal-provincial tobacco taxes have increased incrementally over a number of years. The question is, much of that does accrue resources to government; however, consumers of the product also vote with their feet and make economic decisions to go to other markets, contraband or smuggled markets, where the taxation benefits do not accrue. I know there are some historical figures on revenue lost because of that action of consumers, and I would request that material; secondly, any projections that would be available of revenue lost—and we explained this previously—where revenue is lost from increases in taxation.

The Chair: Research has informed me that they could look for those figures for you, if they exist, and provide them to all members of the committee.

Mr Colle: On a point of order, Mr Chair: As a follow-up to get complete information on tobacco taxes and revenue losses, could we also have the costs attributed to the use of tobacco on our health care system, related costs on our health care system as a result of tobacco consumption?

The Chair: You're requesting information in that regard?

Mr Colle: Yes.

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The Chair: If the researcher could look into those numbers as well.

Mr Barrett: On a point of order, Mr Chair: Further to that—and I appreciate opening that up—as a result of taxation policy we are losing jobs—we are losing farmers, for example, in the industry—so if those costs could also be identified. I know this government is committed to compensation for farmers to compensate for the effects of taxation on people who grow tobacco in this area south and southeast of London.

The Chair: If an analysis in that regard can be done, I'm sure that research would provide it to all committee members.

I would ask the committee, on these points of order and requests to research, if you could keep them until toward the end of the day. We have deputants here and we're running behind.

COMMUNITY LIVING LONDON

The Chair: I would now call Community Living London forward. Good morning. You have 20 minutes for your presentation. You may use all of that time if you wish, but you may leave time for questions. If you would provide your name for the recording Hansard.

Mr Jim Hewett: Thank you, Mr Chairman. My name is Jim Hewett. I am the president of the board of directors of Community Living London. I think a few of the members have probably heard some of this information in the past, but for the committee, on behalf of persons

with an intellectual disability and their families, we take this opportunity to bring the following key issues to the attention of the committee.

There are four issues around the area of developmental services. The first is the ODSP, the Ontario disability support program. Community Living London and associations for community living across the province are encouraged that the government has recognized the need to increase the ODSP income supports as announced during the recent election campaign. However, a suggested increase of 2% to 3% plus the cost-of-living increases falls short of the required 18% that is needed to address past increases in the cost of living. Since 1993, the cost of living has increased by 18%. The ODSP, however, has only increased by \$1. ODSP income support payments need to be increased to ensure that individuals with disabilities are living safe and dignified lives. The current allowance of \$930 per month provides for annual incomes that are significantly below the Statistics Canada poverty line for a single person. This reality is compounded by where in the province a person lives.

We are recommending that the government increase the ODSP income support by 8% for each of the next three years. This will translate into an increase of \$74 per month in the first year, \$154 in the second and \$245 in the third. The annual ODSP income for a single person would be \$14,052 per year. This would allow the ODSP income support program to achieve its objective of providing a consistent and adequate income to people with disabilities to allow them to live safe and dignified lives in our community. The cost of such an initiative is approximately \$159 million each year for three years, for a total of \$477 million in new annualized funding.

Additionally, we are requesting that other programs such as assistance to children with severe disabilities be adjusted to reflect the cost of living.

The maximum allowable earned income of \$160 per month before the taxback for persons receiving ODSP income support also needs to be increased. For those individuals who are able to work competitively, an increased allowance will act as an incentive to continue to participate in the economy of the province and to improve their standard of living. Such an initiative will not create any new costs to the government and to the taxpayers. We suggest the allowable earnings be increased to \$250 and the taxback be reduced to 40%.

Second is quality community-based supports and services. The announcement in 2001 by the Minister of Finance of the previous government of \$197 million in new funding for the revitalization and creation of new services in the developmental services sector over a five-year period was a much-needed commitment by the government. However, the identified funds are far from what is required to respond to the growing needs of children, adults and families within this sector. In 2001, Community Living Ontario estimated that \$440 million was needed immediately to address critical needs of individuals and families in the developmental services sector.

Currently, there are more than 8,000 people waiting for services and supports across the province. Many families who raised children at home instead of sending them to institutions are aging and unable to provide the levels of support that are needed by their adult children. This situation will continue to deteriorate as the baby boom generation of parents reaches the age where their families need community support. To give you an example, the community services coordinating network in this community currently has 400 adults and over 100 children requiring residential support.

Young adults who are leaving or have left the school system require day supports and services as they make the transition from one stage of life to another. Teenagers and young adults 13 to 21 currently attending school require after-school support between the hours of 2 pm and 6 pm. The current gap in supports to those in this age group is creating tremendous pressure on families who are trying to maintain normalcy through employment, careers and family life.

Children with intellectual disabilities are being supported in the child welfare system, because other community services are unavailable. Currently, London-Middlesex has about 50 to 60 individuals with intellectual disabilities who are supported through CAS.

The funding provided since 2001 for compensation to employees in this sector has not reduced the 25% difference in compensation for those directly employed by the government and other broad public service sector agencies. The average salary increase of 2.6% was less than the 3.9% increase in the cost of living. There is a need for committed, experienced, professional people to deliver the services required to support individuals with intellectual disabilities and families to live safely, with dignity, and to actively participate in their communities. This is an increasing challenge in a sector where the average staff turnover rate is 22%.

Costs associated with the provision of quality services continue to rise, including training, utilities, repair and maintenance, without associated base funding increases.

There is an immediate need for \$240 million in new funding to close the gap paid to employees in this sector and to provide an appropriate annual increase to employees in the 2004-05 budget year. This \$240 million is included in the \$440 million that I previously mentioned.

The third area is the closure of institutions. Community Living Ontario and its members across the province have been advocating for the closure of institutions and the deinstitutionalization of persons with intellectual disabilities for more than 20 years. People with intellectual disabilities should not be kept in institutions, isolated and segregated from their community. Currently more than 1,100 individuals continue to live in government-operated schedule 1 institutions. The record of community living over the past 20 years demonstrates beyond any doubt that with adequate resources, all individuals can be supported in their community.

The concern for local economies where large employers move away has been well-managed in those

communities where schedule 1 institutions have been closed, such as Woodstock—Oxford Regional Centre, Palmerston—Midwestern Regional Centre, St Thomas—START Centre, and Picton—Prince Edwards Heights. While not every facility can or should be converted for other institutional use, employees can be offered or provided with a range of options that will respond to their individual circumstances. The goal of closing all provincial institutions can be achieved in a relatively short period of time—specifically, less than three years—if a commitment is made by the government.

The resources currently expended in the three remaining institutions in Chatham-Kent—Southwest regional, Orillia—Huron, and Smiths Falls—Rideau regional need to be reallocated to communities and community-based organizations that will develop, sustain and ensure quality services. While there will be a need for one-time funding to facilitate the implementation of the plan, the government may be able to realize additional revenues from the sale of the existing properties once they have been vacated.

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Historically, the three main provincial political parties have consistently taken action toward the closure of institutions during their time in government. The time is now for the Ontario government to renew its commitment to community living for people with intellectual disabilities.

Building code of Ontario: The existing B3 code requirements for community residential homes for persons with intellectual disabilities, those with less than 10 persons, significantly restricts the ability of communities to provide much-needed residential supports. The housing development and building branch of the Ministry of Housing and the Ontario fire marshal's office have consulted on a number of code changes, the removal of which will not compromise the safety of persons supported.

The main area of concern is that many of the B3 requirements are inappropriate when applied to a residential house for four to six persons. This has led to increased costs and the design and construction of homes that are institutional and do not fit in with the rest of the neighbourhood. To give you an example, we built a home last year, and it cost us an extra \$150,000 to bring it up to this code.

These requirements have increased the cost of a new home in the city of London by up to \$200,000 or 40%. The retrofit costs for homes rented or purchased for occupancy by persons with intellectual disabilities are prohibitive to landlords and to not-for-profit organizations like Community Living London. This has negatively impacted the ability to provide residential supports and to respond to a critical area of need. Additionally, the provincial demand for accessible, affordable housing is also impacted, although within a specific population.

The changes that are proposed are changes to the regulations and can be fast-tracked. The government needs to give priority to the implementation of the

revised regulations, thus accelerating development of community residences and saving you money.

The next area I'd like to focus on is joint multi-ministerial and governmental collaboration. This includes inclusive education. There is a need to ensure that the funding allocated for special education is utilized to meet the educational needs of children and youth with intellectual disabilities in inclusive environments. The allocation of resources to congregated or self-contained classrooms must not be the first or primary choice of school boards. Additionally, the funding for special education should be based on the learning requirements of each student rather than on a model that focuses on a medical model of disability or functioning.

The next area is specific to persons with Down syndrome and Alzheimer disease or dementia. There is an increasing need for joint ministry—specifically the Ministry of Health and Long-Term Care and the Ministry of Community and Social Services—collaboration, planning and resource allocation for community-based supports and services for persons with Down syndrome and Alzheimer disease. These resources must be dedicated by the respective ministries so that the intended benefits, both health and community supports, are realized. Resources identified and allocated must not be subsumed under either general health or developmental services allocations.

The next area is accessible affordable housing. The transfer of responsibility for housing to municipalities has created a vast shortage of accessible affordable housing. Multi-ministerial and governmental collaboration, planning and policy development to facilitate and ensure the development and availability of appropriate housing for persons with intellectual disabilities and those receiving ODSP income support is required. To support the outcomes of any such action taken, the government needs to make available resources through the direct transfer of funding, subsidies or increased ODSP income supports.

Next is public transit, specifically specialized transit services. Similar to the issue of housing, there is also a need for multi-level governmental collaboration, planning and responsibility for the development and enhancement of public transit to ensure that persons with intellectual and other disabilities can access their communities. A commitment of dedicated resources from the provincial government is required to ensure quality, accessible, specialized transit services are available for persons with disabilities.

In conclusion, the developmental service sector requires a long-term plan that is based on consultation with stakeholders. The plan must continually evaluate and review the demand for new supports and services, emerging needs, societal values and creativity and effectiveness to ensure that resources are made available and that society and government are aware of and understand the needs, challenges and successes of the sector. Any plan that is developed must be supported by resources. The developmental services sector requires an

immediate infusion of funds to enable persons—individuals and families—to enjoy a quality of life that is founded on value and participation. Thank you.

If there's any extra time, I'll take any questions.

Applause.

The Chair: Order. Thank you for your presentation. We only have time for one rotation of up to three minutes, and on this occasion it will go to the official opposition.

Mr Barrett: Thank you, Mr Hewett, for being here and speaking on behalf of people with disabilities. You've indicated that the present government's election promise of a 2% to 3% increase is not adequate. The PC commitment, you will recall, was an immediate 5% increase to the ODSP, the Ontario disability support program. You indicate here the need for 8% over three years and program assistance for children with severe disabilities. I appreciate your recognizing the 2001 announcement, the much-needed commitment by the government of the day of \$197 million in new funding for the revitalization and creation of new services, and you're on the record, as I interpret it, as stating the need for \$240 million.

The Ontario budget will be tabled in the near future. It's very important that you are making this pitch on behalf of people who cannot. You stress the need for an immediate infusion of funds. You've said the time is now; I concur with that. That would be in the coming budget. It is important for all of us to hold this present government accountable, to roll up their sleeves and to come forward. I would hope the members of the committee here would be following on that and approaching their minister as well to that end. Those are my comments. If you have any comments, I'd appreciate them.

Mr Hewett: No, I think it's put out in our information here.

The Chair: Thank you for your presentation this morning.

PARTNERS IN EMPLOYMENT

The Chair: I would call Partners in Employment to come forward, please. You have 20 minutes for your presentation. You may leave time for questions if you so desire. If you would, please give your names for our recording Hansard.

Ms Marilyn Neufeld: Thank you, Mr Chairperson. My name is Marilyn Neufeld, and I'm presenting on behalf of Partners in Employment. We had also hoped to have Darryl Mantel with us, who is a manager with a Loblaws store here in London, but because of weather, he isn't able to attend. Bruce Rankin, at the far end, will be reading his comments. To close off our presentation today, we have Grant Millar, who is a job-seeker, and he will share with you some of the obstacles that he has faced in gaining employment.

Partners in Employment is a group of agencies in London and Middlesex county that has been meeting since 1995. Our mission is to build a coordinated, person-

centred employment and training service system for people with disabilities.

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Today we would like to bring to you some of the issues that people with disabilities face in terms of employment. The most important point we would like to leave with you is that many people with disabilities want to work and, with appropriate supports and services, have the capacity to make far more significant economic contributions to their communities. With a future labour market shortage, investing in training and employment services for people with disabilities should be a priority of this government.

The first area we'd like to mention is ODSP income support. I will not go into that, because the previous presenter outlined a lot of the topics that we are concerned about, other than to say that PIE encourages the government's pledge to link increases in the ODSP allowance to the cost of living. Certainly, we would support a catch-up payment so that people can enjoy a reasonable style of living. As well, currently, any single adult with a disability earning more than \$160 per month has their allowance reduced by 75% for all earnings over \$160. This situation creates a perceived disincentive to work and inhibits labour-force participation. PIE recommends that the \$160-per-month ceiling be increased, giving consideration to the cost of living and pending minimum wage increases.

Persons with disabilities typically obtain entry-level part-time positions. A buffer zone is needed to allow individuals to retain their health benefits after their earnings have deemed them ineligible for income support. Fear of losing health benefits is a very significant deterrent for people with disabilities wanting to participate in the labour force. Such incentives would be cost-effective as they would lead to more people participating in the workforce and ultimately would decrease reliance on ODSP income supports. In light of the additional health benefit requirements of many individuals with disabilities, PIE recommends that health coverage be reviewed so that this barrier to employment is addressed.

In the area of training and employment supports, PIE definitely promotes a continuum of services that meet a wide variety of needs that include short-, medium- and long-term interventions. However, with three ministries—namely, health, community and social services, and training, colleges and universities—supporting different populations, with different employment interventions from unique funding envelopes, there needs to be the coordination of services.

PIE recommends that an interministerial approach be taken to develop a funding delivery model through a lead ministry, with a local presence having responsibility for training and employment services for job seekers with disabilities. This process could lead to more equitable funding of the different disability populations, reduced provincial program administration costs, increased flexibility and ultimately a program delivery model that achieves greater efficiencies and effectiveness.

With regard to ODSP employment supports, firstly, in some situations, individuals presenting more challenging disabilities are not considered employable or employment ready and therefore are not eligible for ODSP. Without funding for service supports over a longer period of time to build self-confidence, skills, knowledge and experience, this population faces insurmountable barriers to employment. Some individuals with disabilities have access to other provincial programs and can participate in day programs to build these skills or develop skills for daily living. Other populations, such as those with physical disabilities, do not have access to such programs within the current legislation.

PIE recommends that the ODSP legislation be revisited to be compatible with opportunities available to individuals receiving services through the Developmental Services Act. You mentioned, from the previous speaker's presentation, the notion of—I'm not sure what it's called—the fund that has been developed in terms of people with intellectual disabilities. Programs that relate to people with physical disabilities do not receive those incentives, and that should also be a consideration.

In other situations, individuals may require employment supports on an ongoing or continuous basis. PIE recommends that ODSP rules governing ongoing or continuous support—commonly known as job maintenance—currently limited to 10% in the longer term, be expanded in recognition that there are individuals who want to work but require flexible or longer-term accommodations to do so.

Thirdly, a person with a disability who requires and is eligible for ODSP employment support is denied these funds when an employer has access to the targeted wage subsidy program via the federal government. The targeted wage subsidy program is a benefit to the employer to encourage them to hire individuals they would not normally hire in the absence of a subsidy. ODSP employment supports are employee benefits to provide appropriate supports, ensuring a successful outcome. PIE recommends that persons with disabilities be eligible for ODSP employment supports regardless of employer incentives such as the targeted wage subsidy program.

With regard to Ontario Works, over 25% of the Ontario Works caseload has been on assistance for longer than 24 months. This harder-to-serve population has been increasing as the economy improves. It includes individuals with disabilities who are not prepared to self-identify, those who are formally undiagnosed and those who do not meet the eligibility standards of the current ODSP guidelines. Currently, OW, with its focus on the shortest route to employment, does not have the employment diagnostic services and the longer-term supports these individuals need. PIE recommends that increased employment supports be made available to meet the needs of this population.

Finally, with regard to access to employment in rural areas, persons with disabilities contend with many, many challenges: isolation, access to services, aging parents, housing, seasonal and high unemployment, poverty and

transportation. The most significant barrier to employment in rural areas is the lack of transportation. In small communities where there is no public transit system, people with disabilities are often unable to obtain or maintain employment without a means to travel to and from work. PIE recommends that a travel subsidy be introduced for individuals with disabilities who are engaged in employment preparation or employment activities in rural areas. Such a subsidy should not be considered as earnings.

There are other areas of critical importance to people with disabilities: for example, the assistive devices program and the Ontarians with Disabilities Act. These initiatives help foster a culture of inclusion and enable people with disabilities to take their rightful places in their communities. People with disabilities really represent an untapped talent. Citizens with disabilities want to work and will bring much-needed skills to the workforce. We urge this government to invest in helping this population make their desired contributions to the economy and to the community.

At this time, I'd like to ask Bruce to speak on behalf of Darryl Mantel.

Mr Bruce Rankin: Had Mr Mantel been with us today, he would have made the following statement.

Loblaws has been committed to hiring people with intellectual disabilities since 1990. A collaborative approach that included employment service providers, corporate leadership and union support resulted in a policy at Loblaws that accommodates people with disabilities in many of our stores across the province. Currently, at my store we employ two individuals who receive ongoing supports from agencies that are members of Partners In Employment.

One of these individuals, John, has been working with the store for 11 years. His long-term employment with Loblaws would not have been possible without the ongoing supports he receives from a provincially funded employment program. From time to time, issues have emerged in John's life that he has had difficulty coping with. During these times, we contacted the agency and they were able to respond, often on the same day, to assist and provide the counselling to John that he needed to focus on his job and continue meeting our workplace expectations. I am also aware that agency staff assist John in managing his personal affairs on a week-to-week basis in order that he may be able to continue living independently in his community.

As an employer, Loblaws is committed to people like John, but we recognize that he needs additional supports to be successful. We are not equipped to provide those additional supports. We don't have the resources or the expertise. I therefore urge the committee to consider the valuable contribution that people like John make to the labour force and the community, and I urge you to make the funding of supported employment programs a priority. Agencies need the base funding to continue their operations and provide flexible, responsive supports when requested by employers.

Ms Neufeld: Now Grant Millar.

Mr Grant Millar: Hi. My name is Grant Millar. I went to Fanshawe and got my audio-visual diploma. I live at home with my mom. She has emphysema. When I find that I make a cold call to an employer, they don't take me seriously. If I fill out an application, it looks like a kid filled it out and it's overlooked by the employer. I am educated, college for 10 years, I don't want my education to be wasted. I want to work.

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I'm on disability income. My income has been fixed that way for more than 10 years. I have to live at home with my parents because I can't afford to live on my own with the pension amount I receive. I, like most Canadian guys, enjoy hockey. If I lived on my own, I could not even afford to go to a nice hockey game.

I have a couple of suggestions to improve it. If I make over the amount, I get cut off. If you make it like I can work but keep my health or my dental, maybe that would make it more appealing for people with disabilities to work. I want to work, but under this system it's not working.

The Chair: All speakers are complete? OK. Thank you.

We have time for one question from one party. This will go to the NDP. You have about three minutes.

Mr Prue: An absolutely excellent presentation, I have to say.

In three minutes, I can only zoom in on one thing, and there's so much to say. Where I'd like to zoom in on is the part where it talks about persons with disabilities. If they take part-time positions, "a wider buffer zone"—I'll just read from this—"is needed to allow individuals to retain their health benefits after their earnings have deemed them ineligible for income support. Fear of losing health benefits is a significant deterrent for people with disabilities to participate in the workforce. Such incentives would be cost effective, as they would lead to more people working and decreased reliance on ODSP income supports."

It seems to me quite logical. So I just want to reiterate this so that the government members can hear this.

What you are asking for, quite simply, is that people continue to have health benefits—I think primarily for drugs, but for other things, perhaps for dental as well—withstanding the fact that they are able to make that small leap from being totally dependent upon the state to being self-sufficient. I think that's quite a reasonable thing. Is that what you're asking, and if so, how much do you think this is going to cost the public purse? I would assume not much.

Ms Neufeld: There are a lot of factors that would have to be considered with that, because if individuals are able to access continued health benefits, they will be more likely to enter the labour force. That's sort of the unknown quantity. You'd have to do some actuarial work to determine what that would mean. But I do believe that individuals would not fear the loss of health benefits.

If you have a disability, a health benefit is not an option. You may need physiotherapy. You may need drugs. There are lots of things that you may require just to sustain your livelihood. If that barrier were removed by having health benefits available to people and they didn't feel that they would be threatened if they were able to even get a part-time job—and we all know nowadays the other issue around part-time positions is that very few of them offer extended health benefits. There is a double disadvantage there in that people are not prepared to go into the labour force because they're going to lose their health benefits, and if they do go in, the chances are they'll go into an entry level position or they'll go into a part-time position, and most employers do not provide health benefits for those individuals.

If that issue can be addressed, I think there would be a considerable shift in people's willingness to try a job.

Mr Prue: The second thing you have also outlined—I still have time—is that it is important to raise the bar, the amount of money that people are allowed to earn in part-time positions without being adversely affected. I was surprised that it was so low. Was it \$160 you mentioned?

Ms Neufeld: Yes.

Mr Prue: Has that been changed?

Ms Neufeld: No.

Mr Prue: So that hasn't been changed in view of inflation or anything else?

Ms Neufeld: No, it's never been adjusted that I know of.

Mr Prue: The amount that you're suggesting would be how much, \$250, \$300?

Ms Neufeld: I think one has to look at the increase in minimum wage, because then even if you're working part-time you'll make a little bit more money and therefore you'll be subject to the clawback sooner. That should be adjusted to an amount that would accommodate an increase to minimum wage and also a cost of living. That amount is something that would have to be worked out.

I think the previous speaker said something like \$185, was it? I'm not sure. But there sure definitely be an adjustment.

Mr Barrett: Point of order, Mr Chair: Mr O'Toole and I agree with Mr Prue's sentiments on this. I also wish to compliment Loblaw's and other corporations involved in this and appreciate that if somebody wants to work, why should there be a disincentive?

The Chair: That's not a point of order.

I thank you for your presentation this morning.

THAMES VALLEY DISTRICT SCHOOL BOARD

The Chair: I would call on the Thames Valley District School Board to come forward, please. Good morning. I would ask you to identify yourselves for the purposes of Hansard.

Mrs Jan Hunter: I do understand we're the last before lunch, so hopefully we represent something very positive here.

I'm Jan Hunter, chair of the Thames Valley District School Board. I've brought with me our director, Mr Bill Bryce, and our executive superintendent of business, Mr Brian Greene.

Thank you for the opportunity to present this this morning.

Education in Ontario today is faced with many serious issues which in our view require urgent and innovative policy solutions.

A quick description of our school system hopefully will be a bit useful.

The Thames Valley District School Board is one of the largest school boards in Ontario, responsible for over 85,000 students in 156 elementary and 30 secondary schools. We serve an area of over 7,000 square kilometres, including all of the counties of Oxford, Elgin and Middlesex and the city of London. We are a very large system and we take great pride in its success and in building a caring, learning community that fully meets the needs of all students and all schools.

We would like to emphasize that right now there exists within education today a special opportunity to forge a new and progressive working partnership with school boards and publicly elected trustees. I put the stress on the words "partner" and "partnership."

For too long now, the views and input of school board trustees have been ignored or avoided. But it is on this group that many important decisions rest and it is this group that is closest to the issues and the challenges that confront public education today.

With that sense of partnership very much in mind, the trustees of the Thames Valley District School Board present the following issues of concern to the Ontario government.

There are few school years in which the issue of small-school enrolment is not addressed. Thames Valley is currently operating a total of 26 JK-to-8 schools that fall below the ideal student enrolments recommended by the Ministry of Education funding formula. In this current school year, Thames Valley will manage a total of nine area accommodation review committees which will focus on the learning environments of 28 secondary and elementary schools—a daunting task.

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The issue is complicated within the Thames Valley system by the growing impact of declining enrolment. Over the next seven years, Thames Valley will lose a total of 6,700 students, the equivalent of 14 elementary schools and two average-sized secondary schools. This steady fall in enrolment, familiar to schools across Ontario, will mean a loss of some \$30 million in funding to our system, an issue that requires attention and new and innovative changes to provincial funding formulas.

We believe that this is an important area of concern and one where the province and publicly elected trustees should be working together to distribute resources and deliver the highest possible education to all schools and all communities.

Thames Valley values and does appreciate special funding that the province has made available this year to

aid the board's growing number of small elementary schools. It is in the support of these small schools that we would refer the government of Ontario to recommendation 15 of Dr Rozanski's final report of the Education Equality Task Force, which stated that "where a board has made a decision, on the basis of credible criteria and a transparent decision-making process, to keep a small school open, the board should receive the core support funding it needs to provide a high quality and safe learning environment in that school."

It was our position before the Rozanski report that a new transportation model is urgently required if we are to meet the growing cost of transporting our students to and from school each day. Although some provincial relief has been provided in the form of one-time grants, we have seen no substantial change in the transportation funding formula in almost seven years.

This board daily transports some 30,000 students, a task that involves a fleet of almost 900 vehicles that cover over 21 million kilometres a year. It is a huge and complex transportation system that continues to be funded at levels that were established before board amalgamation in 1998. Our own current shortfall in transportation is \$2.18 million, funds which must be transferred from other areas of the board in order for us to fully meet the needs of our school system.

Unique to Thames Valley is the desire for many families to locate within our board area because of the availability of superior medical services for their children. We would remind the government that the current funding model makes no allowance for the cost of transporting a student with special needs. Within our system, the average annual cost of \$690 for transporting a child with no special needs is magnified into \$5,400 for children with them. These students comprise approximately 5.2% of our school population, yet they require almost 30% of our total transportation budget, an issue that must be considered in the design of any new transportation model.

We also continue to recommend that appropriate incentives be developed to encourage coterminous boards to plan co-operatively and to utilize transportation services efficiently. Within our own system, 108 vehicle routes are currently shared with our coterminous boards, both Catholic and French-language. We continue to pursue opportunities in this area and believe that increased co-operation and planning between boards can result in greater efficiencies and reduced cost to hard-pressed transportation budgets.

All teacher contracts in the province will expire on August 31, 2004, when Thames Valley, like every other board in the province, will be set with the obligation to negotiate new three-year collective agreements. In the best of circumstances, we would expect to be at the table in early spring in order to begin this process. At this point in time we have received no information or guidance from the government on proposed salary funding benchmarks for 2004 and beyond.

The trustees of the Thames Valley District School Board believe that it is not only urgent but critical that

the government provide us with the information we need in order to begin a successful process of negotiation with our teachers. It is the belief of this board that the delivery of a three-year funding model—as opposed to re-opening salary agreements on an annual basis—is in the best interests of our students and the building of long-term relationships with our teachers.

We would also take this opportunity to remind the government that in recent years the cost of providing benefit packages has outstripped the cost of negotiated salary increases by a substantial factor. Special consideration needs to be applied in this area if we are to have the funding in place to negotiate successful long-term agreements.

The experience of the Thames Valley board, like that of many other boards across Ontario and Canada, is that electronic or virtual learning is becoming a major success story. Yet the Ministry of Education, to date, has not provided special funding to support and nurture this important new learning opportunity. At a time of declining enrolment across Ontario, a growing number of secondary schools are unable to provide the required range of courses in traditional classroom settings. E-learning provides an innovative and efficient way of filling the gap with high-quality courses delivered with many of the values of the traditional classroom. Our experience within Thames Valley is that students understand and have a growing confidence with the virtual classroom experience. Yet this innovative program at our board and others in Ontario will soon be in jeopardy without firm funding support from the government.

Thames Valley believes that this is a critical time in the educational times of Ontario and that high-quality virtual learning programs allow students to learn wherever they are and whenever they want. We urge the Ministry of Education to provide funding direction for this new and highly successful learning initiative and to include the support necessary to establish it in those learning environments where it is most necessary.

We are again confronted with the spectre of rising hydro utility costs within our school system, as we anticipate the cap being removed April 1, and again we must manage these costs partway through our fiscal year, inside spending envelopes that will not allow us to keep pace. Without adequate funding by the province, we will again be forced to find money from elsewhere in our budget. We would urge the government to define funding formulas that indeed keep pace with the rising cost of services.

Small schools, transportation issues, salary benchmarks and e-learning: vital components of our education system today. We are all here because we share a commitment to children and to their education. It is with that in mind, Mr Chairman, that I, on behalf of the trustees of the Thames Valley District School Board, wish to thank you sincerely for this opportunity to present this brief this morning. We will do our best to answer any questions.

The Chair: Thank you. We have about two minutes per caucus, and we begin this time with the government.

Mr Colle: Thank you for the update. This is a problem that we're facing in Toronto, with the impact that declining enrolment is having. Could you explain how this is affecting your board and its bottom line, in grants from the government?

Mrs Hunter: It's tied in with the per pupil funding. For an explicit explanation, I'll turn to our business expert.

Mr Brian Greene: I'll kick it off, and perhaps the director can help as well, because there are two components to it. There is the funding for the day-to-day operation of the education of the students as well as the facilities, and then there's the longer-term accommodation issue. In other words, as our enrolment declines, we have more and more space that isn't utilized in our building. So as the funding per pupil drops, we have fixed overhead costs that can't always be reduced. We may end up with the same number of principals and secretaries, yet fewer students.

So we lose funding in a number of the funding envelopes that can't necessarily have our costs reduced directly. Then there's the ongoing concern about the accommodation. While we've been dealing with small schools and the whole issue of school closures, not only here but across the province, this further decline is going to have a similar impact in the next five to 10 years as well.

Perhaps, Bill, you may wish to add something.

Mr Bill Bryce: In the area of programming, as the numbers decline, you've got the fixed costs, as Brian has pointed out, but then you have schools of 300 with the expectations of the community that we deliver the full range of programs, but we're not able, with small numbers, with a pupil-teacher ratio of 22 to 1, to provide the breadth of program offerings that students require to get into university and community college. The community expects the schools to stay open, so the fixed costs remain as the school stays open, but the ability to deliver the programs decreases, as you don't have the staff to offer the breadth of programming.

So one of the critical elements, as we see it, is preparing the students and keeping them engaged to avoid the dropout rate, trying to do good things for students so that we keep the kids engaged. We have a great program right now where we're working with a work internship program where our students and staff have worked with local employers to get the kids employed as in the co-op program. Yet we don't have the staff to really offer that. We're taking staff from other programs to keep this good program going in our small schools so that we can avoid student disengagement and minimize the dropout rate.

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The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much for a very positive presentation. I was expecting to get kicked around a bit. I commend you on the job you're doing.

I was a school trustee for a couple of terms from 1982 on. There's a lot of déjà vu in education, as you might know—I see the director there smiling—because it does

go around kind of in a circle. But it is an important resource, and I want to commit to you that to me education is the primary vehicle we all depend on as society moves forward. Ways of solving those problems are important. My wife is a teacher and my daughter is a high school teacher, so on a daily basis we have a lot of political debates. I'll leave it at that. I think they voted for me; I'm not sure.

I'm just going to comment and then I have a question on the issues you bring up, which I think are important. The first one is transportation. I know the issue quite well from my days back some time ago with smaller and smaller schools, much more a network. I commend you on the coordination. I know how political that is, the start and stop times for schools and one bus system for the area, whether it's French-language, whatever, especially in the special-needs-children area. Keep pushing. I would only allocate part of the \$30-million one-time funding to boards that had a coordinated plan, period. There are lots of reasons why. That's a comment.

On salary benchmarks, I believe where we're moving—85% of your budget is wages and benefits. The province should move immediately to province-wide negotiations. OECTA and OSSTF have already done that. That's how they ratchet negotiations. I'd like you to respond to that, not at the moment here but right afterwards. I believe provincial negotiations are very important, because it's a huge part of your operating budget, and it's a critical part given some of the small-school issues you mentioned.

Finally, your e-learning solution: I commend you for that completely. My background is in that area. From what I know of distributive learning, it will solve many of the small-high-school problems in my area: e-learning courses on-line, how they get paid, where the students learn from, who provides the course material, how they allocate the grant. You've got a lot of stuff to figure out, but that's part of the solution for small schools being able to offer that economics credit when there are only four children enrolled. To me, it is a critical area because it is very expensive to keep e-technology, that whole basket, modern and connected. In primary education, up to grade 3, my sense is that there shouldn't be any computers.

The Chair: Mr O'Toole, I'm going to let the presenters—

Mr O'Toole: No, I'm not finished.

The Chair:—respond to one of your many questions.

Mr O'Toole: No, there are not many questions. The question is, is e-learning part of the solution going forward for small schools and complex learning needs?

Mrs Hunter: I appreciate your insight, John. Director, would you care to respond?

Mr Bryce: Where you get six kids in one school, four kids in another, six kids somewhere else and they wouldn't have a class in any one of those schools, if you combine them by e-learning, then you can have a class. The problem today is that those students are treated on the con ed register, where the grants don't come anywhere close to the real teacher cost. We need them on the

day school register. It's a bit technical, I realize that, but it's the register that they're on that generates the grant. We're not getting the grant to pay the teachers the salary they deserve, because the teachers do a huge amount of work to prepare e-learning, monitor it and work with the students all through the hours of the night e-mailing back and forth. It's a great way to help keep kids engaged, but right now we're funding it in ways that the government doesn't provide for.

Mr O'Toole: One comment, there should be—

The Chair: Your time has expired, Mr O'Toole. We'll move to the NDP.

Mr Prue: Two areas; hydro, first of all. Your costs are going up by \$500,000 this year and \$1.3 million next year, according to your brief and what you've said here today. Have you requested funding from the current government, which campaigned on a platform of not lifting the caps and then immediately lifted the caps? Obviously, they should pay. You must have been totally shocked by what they did.

Mrs Hunter: It's our understanding that OPSBA has made this request at this point in time, but we have not directly made any request ourselves on behalf of this board.

Mr Prue: OK. Your board did not, but other boards have?

Mrs Hunter: The Ontario Public School Boards' Association, it's my understanding, has made that request.

Mr Prue: Have they received any commitment, do you know, from the Minister of Finance to—

Mrs Hunter: As our director is pointing out today, we are also requesting it. We have not heard a follow-up on that.

Mr Prue: All right. The second thing: In terms of transportation, as these smaller schools are being forced to close, I would assume that the amount of time children are spending on the bus is going up significantly as they go farther and farther to school. Can you tell me what the average bus time is for a child?

Mrs Hunter: Yes, Brian, could you take that one?

Mr Greene: Certainly. We don't calculate an average, because it varies. There is a difference between urban and rural, depending on the distance between schools. We try to use a guideline of having nobody on a bus longer than an hour, and that would be the worst-case scenario. Sometimes it's program reasons; in other words, French immersion, where we're congregating them in a school in a geographic area. It's a really tough one to answer. It really varies by program and by area.

Mr Prue: So it could be as little as five minutes or as much as an hour. Could you give me any kind of guesstimate how many children get toward the high end? I think anything over half an hour is excessive, quite frankly.

Mr Greene: No, we don't have that data. Again, some of the people who do that choose that for program reasons. In other words, if they choose French immersion, part of that may be a longer bus ride to get to

the school that offers that; or we have other program reasons, where they attend some of our specialty schools like Ross or Thames. Sometimes it's a parental choice to do that to get the program they want, as opposed to it being forced on them by a location or geographic thing.

The Chair: Thank you for your presentation this morning.

Information for the committee: You can put your personal items in this room, but it's recommended that you use the room next to where we checked in last night. We'll be eating lunch quickly at the same place we had breakfast this morning here in the hotel. I would ask all members to be back here promptly at 1 o'clock. We are recessed until 1 o'clock this afternoon.

The committee recessed from 1217 to 1303.

The Chair: The standing committee on finance and economic affairs will come to order. I remind persons to turn off their electronic devices, please.

LONDON CROSS CULTURAL LEARNER CENTRE

The Chair: If our first presenter, the London Cross Cultural Learner Centre, is here, would you please come forward.

Good afternoon. You have 20 minutes for your presentation. You may leave time for questions if you desire, and if you would please state your name for the purposes of Hansard.

Ms Mary Williamson: My name is Mary Williamson and I'm the executive director of the London Cross Cultural Learner Centre here in London.

Our agency provides services to new immigrants to Canada through federal programs. We operate all of the federal immigration programs in the one location. We also engage with the province through its newcomer settlement program through the Ministry of Citizenship.

It is exciting to be here today because we anticipate that there's going to be a new relationship between settlement agencies and the provinces through the deliberations that are going on between the feds and the provinces about the delivery of settlement services. So I'm hoping that sometime today we can engage in what that means and what we're hoping the province will commit to in terms of ongoing programs and services for new Canadians.

One of the key issues in London and throughout the province right now is access to trades and professions. We have huge numbers of professional immigrants who are here in Canada and unable to use their education, skills and experiences from other countries to bring to the use of our communities and to engage themselves in full employment. It is a constant challenge for all. At the London Cross Cultural Learner Centre we deal with the outcome of their inability to access their professions. We're seeing huge numbers of individuals who settle for a short period of time in unemployment or underemployment situations, but ultimately the cost to our society, to them personally and to the family structure begins to be

stressed. We see a lot of depression and anxiety coming from people who want no more than to be able to share and to give to Canada their knowledge and to contribute to the economic situation of our country.

We know that this government has made a commitment to access to trades and professions, to break down some of those barriers to employment for our internationally trained. We applaud you and offer our assistance in helping to design a program and to work within communities to address some of the shortfalls in the labour market and to introduce employers and communities to a bank of talented individuals who are more than willing to be there. Hundreds of newcomers are saying, "Just give me a chance. I'll do it for free. Let me show you that I can do this. I don't want to lower any bars. I want to show you that I'm the professional in front of you. You brought me to Canada based on my education, my skills, my language, and now just give me a chance to engage."

When we're talking about access to trades and professions, the doctor shortage, in London and in many communities, is on the front page of every newspaper. Here in London, our mayor in recent weeks has put together a task force, trying to see how, as a municipality, as a corporation of the city of London, we can help address the shortage. London has been known for years as a medical centre. We are losing specialists, we are losing doctors, one after another after another.

On our database at the centre I have a minimum of 80 international doctors, physicians and surgeons, who are here, trying to get into the field. We know that residencies are the biggest barrier but we also, working with AIPSO, which is the Association of International Physicians and Surgeons of Ontario, have met with the faculty of medicine here. We would like to be part of designing a system that would allow more of the doctors to get into practice, or at least inside the medical arena, so that they don't lose the skills and the training they've received. We have doctors who have trained doctors who are practising here in London, but because of the way they came, the different avenue by which they came to Canada, they are unable to practise.

1310

London is a refugee-receiving community. We receive approximately 2,000 immigrants in a year. In the last number of years, anywhere between 70% and 90% of the immigrants to London have been refugees. Over the last three or three and a half years, we've seen a huge influx from Colombia coming as refugee claimants and being accepted within a very short period of time. Anywhere from three months to a year seems to be the standard. These are primarily professionals. In one year alone, we received 22 medical doctors from Colombia. Their skills are current, their education is not to be questioned and they are willing to put themselves out there. We have doctors who have engaged or begun engaging in the process. They have written some of the qualifying or equivalency exams, but the residential component is holding them back. There are somewhere in the neigh-

bourhood of 3,800 international physicians and surgeons in Ontario alone. There must be some way that we can design a process that would help us address the shortfall without having to wait years for the educational system to catch up.

ESL: In the past number of years we've seen the education system stressed because of budget cuts. The programs that are there to assist the most vulnerable are the ones that are generally challenged first. We've seen a reduction in ESL classes at the secondary and elementary levels. We've seen adult ESL cut. We've see child care associated with ESL programs strained because of budget. We need to ensure that the newcomers and the children are able to engage as quickly as possible in the Canadian system and we need to make sure that there is stable funding for ESL programs at both the adult and child level.

Municipalities, because of all of the cutbacks, are stressed and, as we know, everybody is talking about tax hikes just to keep up with service delivery. It's happening in London; it's happening all over Ontario. Those transfer payments are pushing the communities. We're seeing health and education being jeopardized. We have people on waiting lists for services. The mental health services in London are in a critical state. So again, we need to see the provinces and the municipalities, as well as the federal government, really looking at the effects of budget cuts at the community level.

I've made a number of recommendations and I don't want to be reading the script. You have it with you. I'd rather spend my time in dialogue.

Homelessness and housing: Of course, any challenges that affect the general community are amplified when it comes down to dealing with additional barriers that immigrants and refugees experience. Again, we're seeing immigrants and refugees in shelters, without support services. There is such a lack of affordable housing in our community, as there is many. Landlords have the ability to not engage. They call it what they want, but the immigrant and refugee communities are often barred, even from the few affordable housing units that are available.

If you don't have a credit history, if you don't have letters of reference, those are all ways of turning you away. If you do not have employment—when I'm new in Canada, of course, I'm not engaged yet in employment. So again, landlords tend to—there isn't a need. They don't have vacant units, so therefore the clients, the immigrants, are being stressed in trying to even find affordable housing. In this community, we're desperate for more affordable units, as well as shelter beds.

I am a member of OCASI, which is the Ontario Council of Agencies Serving Immigrants. I'm a member of the London Homelessness Coalition. We also sit on the Canadian Council for Refugees, the campaign for stable funding for ESL. I've spent a lot of my time—AIPSO, PRMPT, all of the different professional advocacy groups that are going on in the province. I am speaking and bringing forward information from all and I

know that each and every one of those organizations is more than willing to come to the table to discuss alternatives. I thank you.

The Chair: Thank you. We have about two minutes per caucus. We start with the official opposition.

Mr Ted Arnott (Waterloo-Wellington): Thank you, Ms Williamson, for your presentation. It was most sincerely appreciated, and you obviously bring a perspective representing your community. That's very helpful to this committee and its process of making recommendations to the government on the budget.

You talked about the need to have stable funding in ESL, English-as-a-second-language, programs in our schools. I represent part of Kitchener-Waterloo as part of my riding, and ESL funding has been a big issue in our area over the years as well. I would submit to you that I believe the federal government really should be giving us additional funding for that program, because the federal government is the most important government in terms of immigration and settlement of immigrants. Would you not agree that the federal government has a responsibility to assist the provinces in a greater way than they currently do with regard to ESL funding?

Ms Williamson: One of the exciting possibilities with the prospect that the province may engage in the delivery of settlement programs is that at a federal level, Citizenship and Immigration Canada will not acknowledge refugee claimants as eligible clients for any of their programs. So even for those who are eligible under LINC, which is the federal language instruction for newcomers to Canada program, here in London, we have waiting lists that could fill the classes two to three times over. They absolutely have to contribute more to ESL.

Also, at a federal and a provincial level we've been trying to advocate to allow refugee claimants—you let them in, federal government; you allowed them to stay based on your initial assessment of their eligibility, yet you bar them from the programs and the services that will enhance and speed up their integration. So absolutely, the federal government has a responsibility, as does the province, in education of the children.

The Chair: We'll move to the NDP.

Mr Prue: A couple of questions. I know the government's fairly new, but Ontario remains the only province that has not signed an accord on immigration. Would you suggest they get on with it?

Ms Williamson: When it was first put to the province through settlement renewal, we did not want the province to engage. We were concerned. The federal government gave the province \$35 million to entice them to the table when the talk about the partnerships began, and the province could not show and did not bother showing how they spent that \$35 million. It definitely didn't go into any immigrant programs.

As a sector, I think we were concerned in Ontario that if the past government were to take over the responsibility of settlement, we would see the demise of settlement programs. The cuts to the Ministry of Citizenship have been enormous over the eight years. So now I

would like to see, and what we're hoping will happen—of course, the Quebec accord was done so many years ago. BC, the past government, was really good; their current government is not quite as responsive, and there are challenges there. Alberta has gone into a partnership agreement. Manitoba is doing a great job; Manitoba needs immigrants and they're really going all out.

1320

I hope this government will engage in the discussion, but find out what it really means at a grassroots level. We need the support; we need the funding. The program money that would come from immigration has to stay in the community's hands to deal with the issues. So yes, please engage, but do it in an informed way and allow us to help you if that's what's needed.

The Chair: Thank you. On the government side, Mr Ramal.

Mr Khalil Ramal (London-Fanshawe): Thank you, Mary, for your presentation. I know you've been a strong advocate on behalf of the homeless, new immigrants, ESL programs and also the foreign-trained skilled people who came to this province.

I have a question on something that wasn't clear to me. You said that by the way they came here they're not allowed to practise in this province. Can you explain that point, please?

Ms Williamson: Canada's immigration policy does allow us at times to go out and recruit particular skills that we require. A couple of years ago, you may remember, South Africa was very, very upset with Canada for recruiting medical doctors out of South Africa. So if I came to Canada, the government chose me to practise from outside, I came here and I immediately practised.

We're talking about people who came either under the "skilled labour" class or refugee class, who then have to begin from the beginning and engage in all of the qualifying in equivalency.

Mr Ramal: I wonder if you know the announcement on Monday: Our Ministry of Colleges and Universities granted \$4 million to train various divisions, like engineers, teachers, nurses.

Ms Williamson: Yes. I've even quoted it in there. Way to go.

Mr Ramal: So what do you think about this?

Ms Williamson: I'm excited, and I applaud you for that. We are in desperate need of skilled labour here in Ontario and in Canada. The barriers are insurmountable. We have been discussing this. It has been federal-provincial dialogues, local regulatory bodies, everything has been talking about it, and there are some wonderful bridging programs out there. We need to see it expanded and we need to work more closely with the regulatory bodies, the councils, and say, "Look, you guys, we're in a crisis situation. We've got to move this agenda forward." That money, that contribution, that commitment is just so wonderful to see.

The Chair: Thank you for your presentation this afternoon. Next is the Oxford Health Coalition. Is there anyone present from the Oxford Health Coalition?

UNITED CHURCH OF CANADA

The Chair: Seeing no one, the United Church of Canada, please come forward. Good afternoon. You have 20 minutes for your presentation. You may use that time for that presentation or allow for questions. We would ask that you identify yourself for the purposes of our recording Hansard.

Rev Andrew Jensen: Thank you very much. My name is Andrew Jensen. I am the chair of the church in society committee of London conference of the United Church of Canada. Beside me is the Rev Susan Eagle, who is a member of that committee and has a variety of other hats that she wears. I may call upon her to answer some of the questions that come up.

Thank you very much for this opportunity. We appreciate this. London conference, for those of you who don't understand how the United Church is structured, is a regional body. London conference covers southwestern Ontario and Algoma, and as a result we actually are here representing quite a number of United Church people.

In the document before you, you have a number of things that establish who we are, such as the first page and the first three appendices, and the five areas that we would like to cover. But before I get into that, I would like to tell you a little bit about the congregation that I serve. Park Street United Church in Chatham is an old congregation and for years has been helping people in need. We still have programs in which we are able to provide food vouchers and help when people run out of money when it comes time to pay utility bills in the winter. About 14 years ago, we built a non-profit housing corporation with around 25 units or 26 units that we still operate. We have had the opportunity to see at first hand some of the results of the cutbacks in social assistance that have happened over recent years. That has affected our ability to help people quite directly.

One of the things about this congregation is that the building is old. It was built between 1871 and 1929. Like the province, we have a deficit, quite a large one, the biggest one we've ever faced: \$80,000, which, I suppose, compared to the province's, is pretty small. But one of the biggest costs that we are facing is increased utility bills. In order to address that, we're doing a number of things. We're going around and replacing the valves on the radiators because they hiss and leak steam. We're taking the shelves off in the sanctuary where they put flowers because that reduces the circulation. We're putting in those little thermostats that can be programmed to try to make better use of our system. Those will all save us money. They will not address one of the biggest problems, which is that we have an ancient boiler running at about a 30% efficiency rate, where now the industry standard is 80%.

I'm going to suggest that in this province we have a similar situation, and that is poverty. Of the five things that we're addressing here, the theme of poverty runs through four of them. If we don't address the issue of poverty, it's like my congregation trying to save money by fixing the valves but not addressing the question of

the boiler; that is, just sending dollars up the smokestack on a consistent basis.

I would invite you to turn to the second-to-last page that you have. It is a pink sheet: "Appendix E: The Cost of Poverty." What's in here isn't particularly new information. We have known about things like the health effects of poverty. We have known about some of the other effects on people's situations. We have known about the way that this impacts our economy. I would like to highlight a couple of things, because it seems like we have to remind ourselves every so often about how much this costs us.

If you look under the heading "Prenatal and Newborn":

"Second only to smoking, poor nutrition in mothers is the greatest contributing factor to low birth weight babies. Babies born to mothers with poor nutrition have a medical cost of \$13,870.10 in the their first year of life," on average, "compared to \$673.89 for healthy babies. This represents 20 times the cost of a healthy baby."

That is a direct effect of poverty. It is a direct cost to us as we try to pay our health bills.

There are quite a number of other examples that you can see throughout this. I'm not going to try to go through it all. In fact, this is just a two-sided page with a smattering of information. There's an awful lot more out there, and it's available to anybody who would care to look it up.

As I say, this is not news. That information was compiled by the other minister at our church, Rev Lori Jensen, my wife. Her background is in theology, but her family has been in public health for years. She remembers as a child her mother, a public health nurse, remarking on the health effects of the poverty she was seeing back in those days.

Not that many years ago, I was at a church here in London. We ran a small food bank out of the basement. I can recall, as some families came in, seeing the children who came with them and noting, with some horror—because this was really the first time I had come into contact—that the children were so malnourished that their skin had turned grey. That was before the cutbacks hit us.

Item 1, which you will find detailed on the second page of the white pages, is regarding increasing the minimum wage. We're very pleased that this is happening. However, we are concerned that the top minimum wage that is being discussed is still under the poverty level. As long as we are keeping people under the poverty level, we're not really addressing the problem. We are still keeping the problem very much alive. We're still going to be sending those dollars up the smokestack.

Reversing cutbacks on social assistance: I've made reference to that a couple of times. Those have been devastating. Families have literally fallen apart because the stresses and the social pressures have caused it; and although we don't have any statistical evidence written down, we have anecdotal evidence from people in children's aid about the increased caseload that they have to face, where families can't look after their children any more, and they have to take them into care. What is the

financial cost to society there? In many ways, by addressing poverty we are actually saving ourselves money and not really costing ourselves.

1330

The third item is eliminating the clawback of child tax benefits for people on welfare. That has always seemed to me to be simply mean-spirited. One government gives and another one takes back. It doesn't help, and it gives a very judgmental and punitive impression to the people who are struggling to get by on what are really not enough funds in social assistance.

The fifth one—I'm skipping the fourth one for the moment—is forwarding federal funds already allocated to approved housing programs. There are many groups trying very hard to make sure that adequate housing exists. The province made a decision to get out of social housing. We deplore that, but it was a decision that was made. We would love to see the province get back in and take up the reins of responsibility. But even if that doesn't happen, at the very least, as federal money has been specifically granted to certain programs, and as the province, both in the previous government and in the current government, has chosen not to forward those funds for no good reason that we can imagine, we would really like to see that happen so that the projects can go ahead. It doesn't require any expenditure by the province. It's just a releasing of funds that the federal government has passed to you in order to pass to these projects.

As the United Church, we have a vested interest in one of them. Our local presbytery has invested \$100,000 in one of these programs, and this withholding of funds has been a severe detriment to the ability to go forward at all.

Our fourth item, changing the policy on funding of charitable groups outside of the Trillium fund, takes us into a slightly different area. This is one that affects us quite directly, mostly in areas of camping but also sometimes in areas of accessibility. In some ways, what this deals with is a question of—it almost becomes a way of discriminating against people with strong ethical or religious feelings around gambling. Some time ago, charitable donations to groups through government coffers were all transferred out of the taxation base into the Trillium fund, which is 100% funded through gambling revenues of one sort or another.

Within the United Church, we have very strong feelings about the social cost of gambling. This has prevented us from being able to access the accessibility funds which would allow us, in some of our buildings and churches, and particularly in our church camps, to create more accessible situations such as ramps and other required materials for children in the camps and people in the churches to be able to participate fully. There are other programs that are sometimes available, and under the rules of the programs, our church camps and our church buildings might be approved, but because of our own concerns about the cost of gambling and because of the fact that there are no taxation-based funds that we could more willingly participate in, we are cut off.

We do recognize that there is a cost for holding on to your principles. We're prepared to pay that cost.

However, more than just our church people are affected. In the case of our camps, our camps are open to anybody, regardless of denomination or religious affiliation and very often without regard to ability to pay. A lot of our congregations make extra monies available so that children who can't pay can still have a good camping experience. Our camps are run at a high quality and they are well staffed, and some of them, in the near future, will be facing questions about having to close because of some large capital costs that might be addressed by these sorts of funds. But we will not access them as long as they are derived entirely from gambling. We would like this policy to be reversed so that at least some of the funds that are available may be derived from taxation.

We have long believed that taxation is a useful tool in balancing out some of the social inequalities that we have in our world. We are really very unhappy that that tool has been abandoned in favour of relying on people's greed through games of gambling to set social policy and to support social programs.

That is a very quick run-through. I invite questions. Thank you for your attention.

The Chair: Thank you for your presentation. We have about three minutes per caucus, and we'll begin with the NDP.

Mr Prue: This whole thing about the Trillium fund has troubled me for some time. I just want to be very clear. If the government gets money—\$100 million on average per year—from gambling revenues and then were to augment that with other tax revenues, you would have to know that the money was still there. Would you consider accessing it if it was blended? There is no way we can separate this money out. If it came directly to the government, even if we did away with it, the money cannot be separated out. You have to know that the money will continue to come. This government—no government is going to stop taking that money.

Rev Jensen: Quite right. That's a very fair question. How firmly do we draw the line? I think within the church there would be a certain amount of discussion about that. But if I can give you an example, our camps do already receive funds from some benevolent groups such as the Kiwanis and so forth when they make donations. We are aware that there's a very good chance that some of those were raised through bingos, and we have not questioned too closely. It's a difficult position to be in. It bothers us. The concern that we have is of the social cost of gambling, and we would still continue to address that. It is awkward.

I can't speak for the whole church, because we haven't faced that question. But back in the days when some money still came from lotteries and before casinos were opened, we did not ask what percentage came from which pocket because it was impossible to say, and we were prepared to use the funds under those circumstances. My guess is that there is a good chance we would still.

Rev Susan Eagle: Perhaps, Chair, I could add something there too. Part of what we're looking at is the

principle or an attitude that programs that are of social value shouldn't be paid for with tax dollars but out of revenues from gambling or that kind of area; that somehow those things don't deserve tax dollars in the same way as other programs—and an increasing reliance on those monies for social programs. What we see is an attitude that's creeping in to say that the social policy areas are not as valued as those things where we say to people, "Yes, this is important and it should be paid for with tax dollars."

The Chair: To the government caucus.

Mr Crozier: Thank you for your presentation today. Through the five points: I agree with your position, and I appreciate your reasons and your reasoned argument for them.

I too, for whatever reason, come in on the Trillium Foundation aspect of your presentation. There is no one more addicted to gambling than our governments. I for one would like to see them abolished, but they are part of our society now. They are part of our revenue, and we're dependent upon them. The only consolation I get in my southwest end—and I assume it's the same in Niagara—is that 85% of them come from the United States. What do we do as this great province of Ontario? We send our social programs back to the other side.

I concur with my colleague from the NDP that it is difficult to separate these funds, although I could never give you a lesson on your theory and your belief. I do hope we can find a way where you can, because of the way you feel about these, support some of those initiatives that you talk about.

It would be difficult because there are other so-called sin taxes, such as tobacco. We derive \$1 billion-plus a year on liquor and alcohol sales. In a society such as ours, it's going to be difficult to satisfy your belief, but we certainly should try to work on it.

Rev Jensen: If I may comment on those other sin taxes, those taxes may actually discourage people from participating in those things. We'd have no problem taking that money.

Mr Crozier: OK. Thank you.

The Chair: We'll move to the official opposition.

Mr Jim Flaherty (Whitby-Ajax): I'm going to avoid any comments about sin or sinning, although it may be appropriate in the context.

I want to get your point of view on something. You mentioned, Reverend, values a minute ago and how we value things. This is a pre-budget consultation. The government put out these documents in December about their budget. They say they can balance the budget over the next three years by spending 2.3% more in each of those three years. They also say that's \$4.1 billion in each of the next three years. So that money, \$4.1 billion, will be available for things like reversing cutbacks in social assistance that you've mentioned here.

1340

The reality, though, of budgeting in Ontario is that about 80% of the money, as the government says, gets transferred from provincial coffers to other organizations—hospitals, schools, social service agencies and so

on. In turn, most of that money gets used up by people—nurses, doctors, teachers, therapists, social workers and so on—everybody who works in the broader public sector.

My question to you is, would it be reasonable in your view for those persons working in the broader public sector to restrain themselves to wage increases, salary increases at the rate of inflation or less over the next three years, which is predicted by the government to be less than 2%, 2% three years out, so that more of that \$4.1 billion each year would be available to increase the level of social assistance, to increase services for people, rather than to be wage increases to people providing those services?

Rev Jensen: If I may comment, in theory I like the idea that we all co-operate and work together, and restraining oneself in wage increases, in theory, sounds good. But one of the concerns I have in making a blanket statement like that is that as we have increased things like the poverty level, we have also increased the demands upon the people who deal with the front-line results, which include people in the health sector and the educational sector as they need to deal more and more with troubled children in schools who are unable to concentrate because they haven't had breakfast, more and more with situations in emergency rooms and in hospital care as the needs go up because we haven't adequately nourished people in the first place.

I would be loath to say that these people who have to face more difficulties and more difficult tasks should therefore restrain their wage demands, because they're doing harder jobs. I think some kind of a balance has to be set wherein we can address the things that they are facing. If we can somehow reduce some of those needs, then maybe we can ask them to reduce their wage demands as well.

Rev Eagle: If I might also comment, I don't think we have time today to wade into a discussion about labour relations and what employees should or shouldn't get.

The previous government made it clear that they didn't mind people being underpaid, because they didn't raise the minimum wage. That became a very troublesome thing to us, about how people are properly rewarded for the kind of work they do and how we honour work that's done.

In terms of cutting back on wages or encouraging people to restrain wages, to me that sounds like the cheap and easy way to try to balance a budget. We're conscious that there have been other sources of revenue that have been cut off by the previous government, that there are other ways in which revenue can be raised. We don't have time in the 20 minutes that we're here today to discuss that, but I do know that efforts have been made by groups such as the alternative budget group and others to try to identify other ways in which there can be a far more serious discussion than just taking a shot at wages.

Mr Flaherty: It's an important point, because the government is saying in their document that we should have restraint. Do you disagree with—

The Chair: Mr Flaherty, your time has expired.

I thank you for your presentation this afternoon before the committee.

CHESHIRE LONDON

The Chair: I call upon Cheshire homes of London to come forward, please. Are representatives of Cheshire homes of London present? Please come forward.

Good afternoon. You have 20 minutes for your presentation. You may leave some time at the end for questions if you desire. I ask you to identify yourself for the purposes of our recording Hansard. You may begin.

Ms Judith Fisher: My name is Judi Fisher. I'm the executive director of Cheshire homes of London. Beside me is David Reid, who is the president of the board of directors of Cheshire London. Peter Jones, who is on the waiting list for our services, was going to be with me this afternoon but called at noon and he's unable to be with us. I have done this type of work through all three governments, all three parties, so hopefully I'll be able to answer any of your questions about this particular—you do have a copy, I believe, of my presentation.

Thank you for the opportunity to meet with you today.

Cheshire London is a not-for-profit organization that receives the majority of its funding from the Ministry of Health and Long-Term Care as a transfer payment agency to provide attendant services. Attendant services are services that permit people with very significant physical disabilities to live in the community instead of an institution.

Cheshire London provides this assistance in the five counties of Middlesex, Elgin, Oxford, Perth and Huron. Our budget for 2003-04 with the Ministry of Health and Long-Term Care is about \$7 million. We also receive funding for housing. With that funding we support 199 people.

I will touch on four points and will elaborate on these in a written submission that will be submitted to you at an early date.

Issue number one, multi-year funding: Today, funding is not stable, not adequate and not predictable. Each year, Cheshire London projects a deficit going into the next fiscal year, and we are instructed by the Ministry of Health and Long-Term Care not to have a deficit. Deficits force service reductions and continual waiting lists. We currently have 110 people waiting for services. The people supported by Cheshire London have significant physical disabilities and their needs only increase over time; thus, we are not able to support additional people. Our doors are virtually closed.

As we plan for the next fiscal period and the projected deficit, we have to begin to mitigate costs as early as the fall. If we don't mitigate costs when we have the opportunity by natural attrition, we will need to cut services to existing consumers to meet our budget targets. We should be planning to begin assisting the people who are waiting for the services, not cutting back.

Recommendation number one: Fund home and community services, such as the attendant services provided

by Cheshire London, on a multi-year basis to ensure stable and predictable funding.

Issue number two, crisis in staff recruitment and retention: On a weekly basis, Cheshire London loses excellent, qualified and trained staff to the institutional sector, where they can get more money and longer and more predictable shifts or employment. We simply cannot compete.

Wage parity is needed for community care workers with nursing homes and hospitals or we will continue to be in crisis. We train people and lose them to the institutions. It's an absolutely crazy way to run a business.

The pay equity legislation was a start to lessen the gap; however, once again, we at Cheshire London feel that we have been penalized. We did not receive any funding for pay equity in 1999, 2000, 2001 and 2002. We did, however, feel that we had an obligation to our staff to see that their compensation was adjusted, and it is, indeed, the law. As an organization we get penalized for treating our staff fairly. Is that fair? Because we did not have an unfunded liability for those years, we will not receive a retroactive adjustment. If we had not been fiscally responsible we would be receiving the adjustment. We met that obligation by cutting services.

Recommendation number two: Immediately rectify the inequity in the retroactive adjustments for pay equity.

Recommendation number three: Provide funding levels which support wage parity with the nursing homes and hospitals for home and community support workers.

Issue number three, closure of supportive housing units: Today, January 28, 2004, Cheshire London has three empty, available supportive housing units in the city of London.

Adequate provision of service for people who need attendant services in supportive housing requires a systems approach that integrates accessible housing, affordable housing and appropriate levels of attendant services. It usually takes many years—usually about five or six, depending on what's going on at the time, to pull together those three components, because they all have to come together at the same time—to create supportive housing.

1350

Peter Jones, who was going to be with me today, is 31 years old. He was living in his own apartment and working until he had an accident while riding his mountain bike. He broke his neck and now needs help to do all of the things that he was able to do prior to his injury: get out of bed in the morning, make breakfast, take a shower, and do his laundry. For all of this, he now needs help, and that help is available, as we speak, in London.

The apartment that he could move into is at 111 Belmont Drive. Cheshire London is projecting a \$6,000 deficit at 111 Belmont Drive for the 2004-05 budget year even if we close that unit. The average cost per person at 111 Belmont Drive is currently \$53,000 per year. With an additional \$60,000, we could help and support Peter at 111 Belmont Drive. For now, he is a patient in complex continuing care at Parkwood Hospital. If we close the

apartment at 111 Belmont Drive—and we will have to make that decision in the next couple of weeks—he will stay in complex continuing care for years. It is just not right.

The staff at Parkwood Hospital have informed us that for the year 2003, the cost of weighted day for complex care is \$494 a day or \$180,000 a year. It's not right for Peter, but it also has other negative implications. While Peter is in a bed in complex continuing care, someone who really needs that service can't access it. That person is likely in an acute care hospital, designated as ALC, or needing an alternative level of care.

Marcus Hollander talks about a negative cost spiral in which home support funding is reduced and hospital funding is increased, leading to a greater emphasis on acute and residential care services because people can no longer cope at home. He goes on to say that this increased demand will then be used to justify further increases to institutional budgets, resulting in further decreases to home support, leading to further rounds of increased demands on hospitals and long-term care facilities, repeating the cycle over and over and increasing the overall costs of the Canadian health care system.

The reason that Cheshire was established in 1976 was to de-institutionalize younger disabled persons. We are sliding backwards, leaving such individuals once again with only the prospect of a chronic care, medicalized environment at a much higher cost to the taxpayer.

Recommendation number four: Immediately inject \$60,000 into Cheshire London's base budget—tomorrow, please—to prevent the closure of supportive housing budget units.

Recommendation number five: Immediately inject \$50 million into community service budgets that Premier McGuinty has committed to in his first budget.

Recommendation number six: Develop an integrated planning framework for long-term care services in Ontario that fully supports supportive housing as an integral part of the continuum of supports for people with ongoing care needs in Ontario.

Issue number four, No expansion in outreach attendant services in London—waiting lists: Patricia taught grades 3 and 4 for 20 years in London. She also coached volleyball and tells me that she thinks that she misses that almost as much as she does the teaching. She had to stop working six years ago after trying for two years to teach part-time. She has multiple sclerosis and lives alone, in her own home, with her cat. She is four years younger than I am.

She wants to stay in her own home for as long as possible. She is on a waiting list for outreach attendant services and will remain on that waiting list; we do not have the financial means to take her on. She currently receives a half hour to 45 minutes of service per day with the community care access centre, and on one day she receives one hour so that she can have one bath per week. It's just not enough and it's just not right.

There are several issues with that that I would like to elaborate on and I will in my written submission. One

that I would like to see you explore is the funding formula for services. If Patricia was living in Elgin county, she would likely receive service—same organization, same service.

The last time that we had any knowledge of the funding formula, we were aware that the formula was based on population and that a variable that addresses age was added to the equation. We are also aware that the notion of an inclusion of a morbidity variable was examined but not included. We are aware that there was a suggestion that the number of people with multiple sclerosis was considered as that morbidity variable. We feel that there are more people who have conditions such as spinal cord injuries and multiple sclerosis in areas of the province, like London, where there are tertiary care centres.

Recommendation number seven: Support persons of all ages with life-long illnesses and disabilities so they can remain in their homes, where they want to be.

Recommendation number eight: Examine the funding formula for health services in Ontario and consider a morbidity variable for community-based services.

The conditions or diseases of people who need attendant services will not go away with some short-term intervention. They will not get better; however, with sufficient supports in the community they can lead meaningful lives, contributing to the fabric of our communities. That is their hope, and together we can support them to realize their dreams.

We at Cheshire London look forward to working with you to ensure that people with significant physical disabilities in southwestern Ontario have access to attendant services when they need them and where they need them for many years to come.

The Chair: We have about three minutes per caucus and we'll begin with the government.

Mr Wilkinson: It was an excellent presentation. I'm aware of the work you're doing in our riding of Perth-Middlesex. You're a great advocate for Cheshire London. I have a personal affinity because my father was one of the founders of the Cheshire home in Belleville, Ontario.

I found this quite interesting. We are struggling with having this fiscal problem that we've inherited, and our job is to deal with it; not to dwell on the past but to deal with it. I'm surprised, as we hear people talk about these kind of negative cost spirals, where we're actually, by underfunding one area, costing the system more and more, which then denies money to more and more people.

First of all, I want to commend you for actually getting those numbers to us. We've had many who have come to us and said, "In theory, we have anecdotal evidence." But it's just wonderful that you've taken the time to get this in front of us.

Ms Fisher: There is actually a lot of research being done now that can support that.

Mr Wilkinson: Judith, anything that you could provide this committee prior to our writing the report would be most helpful. This is exactly the kind of thing

that our government is very interested in—trying to reverse some bad practices from the past.

The question I have specifically: Could you give me a bit more about the morbidity? In a sense, in an area like London, where we attract people because of the health care system, the excellence that we have is actually negatively impacting you because there are more people here, beyond what the province considers to be reasonable.

Ms Fisher: Yes. If you look at something like a spinal cord injury, people with a spinal cord injury because of a car accident will be transported to a tertiary centre or a quaternary—I can never get them right—the one level above the tertiary. Those are London, Hamilton, Toronto—I've missed a couple. Ottawa—

Mr Crozier: Kingston.

Ms Fisher: Kingston as well? Because we have the doctors in London, Hamilton, Toronto, Kingston and Ottawa, plus the environment is more wheelchair-accessible, plus we have the supports—whereas in some of the places where you are, the environment itself, the city, may not be as wheelchair-accessible—they tend to stay. But we don't track. Once the person leaves the acute care system, the acute care system doesn't track them. Then if they go, like in London, from Parkwood Hospital back to Goderich or somewhere, no one tracks them. That is my understanding from Parkwood. So we don't have that information. But a lot of people tend to stay.

Cheshire London, to my knowledge, supports more people with multiple sclerosis than anyone else in the entire province. Because of the supports here, people with MS tend to migrate to London.

The Chair: We'll move to the official opposition.

Mr O'Toole: I may share my time here with one of my colleagues.

I appreciate your input as well as the analysis you've done and the eight recommendations.

I have an observation first. What would we have to do to change your recommendation number four? If a person is in complex continuing care at a cost of \$180,000 a year, what would this government have to do specifically to transfer the \$180,000? It may mean closing that bed, but you would create three of these—\$60,000. Do the numbers. You could create three in the community. What would we have to do? The hospital would have to give up the \$180,000; I understand that. There'd be no new money. So if they're really listening here, if they could just transfer from wherever this complex bed is into the community, they'd get three. What do we have to do to fix that immediately?

1400

Ms Fisher: I would encourage you to download Marcus Hollander's work and take the next three weeks to read it. In my humble opinion, I agree with Marcus Hollander that we need to totally revamp the long-term-care system in Ontario, which would include children with long-term disabilities.

Mr O'Toole: I think Mr Flaherty has a question. Thanks.

Ms Fisher: That's what we need to do, and that's going to take some time.

Mr O'Toole: I think the researcher has got that recorded.

Ms Fisher: OK.

Mr Flaherty: Thank you for the presentation. I'm looking at the bottom of page 1 and the top of page 2 where you talk about the disparity between your staff, whom you train, and the institutional sector. In the spring of 2001, when I did the budget in Ontario, we had that problem, quite dramatically, in terms of persons who worked with adults with mental disabilities. We rectified that in the budget in 2001. I'm interested in what the spread is here, because this is probably something the government should listen to and correct in the budget this year. What is the spread between working for your organization and working in the institutional sector?

Ms Fisher: The most dramatic example I can think of is in Oxford county, where I think we're training all the staff for Woodingford Lodge. The spread there is about \$8 an hour. Our staff would start at \$13-something and top out at \$15, so maybe the average is \$14 an hour. They make \$22 an hour at Woodingford Lodge.

Mr O'Toole: That's \$20,000 a year.

Ms Fisher: Yes. And our staff is out on these roads.

The Chair: We'll move to the NDP.

Mr Prue: I want to go back to the question about the potential savings to the province if people in circumstances like you've described access your centre as opposed to acute hospitals.

There are two ways that I see this happening. One is that we take the money from the hospitals and give it to you. The second way, which is probably less painful, is that any new budget increases that this government might come forward with in this year be directed to you as opposed to the hospitals. I'm not sure which one you're advocating, but obviously it's one of those two. Could you be just a little bit more specific which way you suggest they proceed?

Ms Fisher: Tomorrow I'd like you to give us \$60,000 so we don't have to close that bed and we can get Peter, at least, into community care.

What I would be suggesting is a total revamping of the long-term-care system in Ontario, which is currently being looked at. As soon as that child or that person is identified, I would set aside some money, because you're paying it anyway, whether you're paying it in the school system—you're paying big bucks. Set aside some money. There has been research done on some kind of a rostered system where, when somebody breaks their neck, you set aside the money, put it in an annuity or—I'm not a health economist. I'm trying to get a couple of health economists to give me some information for my written submission. That's what I would do. That will take more time. But if we don't start now—we have been talking about this for 25 years, that I know of.

Mr Prue: Is there still more time?

The Chair: There's 45 seconds.

Mr Prue: If there's 45 seconds, let's go to the \$60,000. You need that right away. That probably can't wait until the budget, because that will be April 1.

Ms Fisher: I'll wait until April 1.

Mr Prue: You can wait until April 1?

Ms Fisher: Yes.

Mr Prue: That's just your organization. Would you think that this is similar throughout the other organizations similar to yours in the province?

Ms Fisher: Absolutely. It's happening all across Ontario as we speak.

Mr Prue: So each one of them might need \$60,000 or \$120,000 to actually take people out of the hospital.

Ms Fisher: Yes.

Mr Prue: Find the money, guys.

The Chair: Thank you for your presentation this afternoon.

ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION, DISTRICT 11, THAMES VALLEY

The Chair: I would call the Ontario Secondary School Teachers' Federation, District 11, Thames Valley, to come forward. Good afternoon. You have 20 minutes for your presentation. You may allow time for questions if you so desire. Please introduce yourself for the purposes of Hansard.

Mr Don Rowdon: My name is Don Rowdon. I'm president of District 11, Thames Valley, Ontario Secondary School Teachers' Federation. I also apologize. I may not have enough copies. I've been at a conference and it never did get back to me on how many to bring. Some of them are bound and some of them aren't.

I appreciate this opportunity to meet with you.

The teachers and educational workers in Thames Valley were very pleased and encouraged during the election campaign when education was the first plank in the Liberal election platform. The Excellence for All plan promised to "make the necessary investment to achieve the ambitious goals" and to fund schools for success, and then the throne speech identified public education as the new government's first and most important priority.

More than two million Ontarians voted for this government's vision for our province. We urge the government not to allow the inherited deficit to push them off course even if it means running a deficit and/or modest tax increases.

In the report of the Education Equality Task Force, Dr Rozanski made 33 recommendations aimed at improving equity, fairness, certainty and stability in the funding of education in Ontario. He recommended implementing them over a three-year period beginning in 2002-03. The report emphasized that these recommendations, once implemented, will advance the goal of continuous improvement in student learning and achievement. We therefore challenge the government to continue with the implementation of the Rozanski report and recommend making the following priorities for its first budget.

Priority number 1 is support for the foundation of the funding formula by updating benchmarks. The development of the funding formula included a 1997 study of the costs of services and goods provided by school boards. These actual costs were said to be used to determine benchmark values, which became an integral part of the formulas that generate funding in the various funding formula grants. Benchmark costs affect the amount of funding that boards receive to cover the costs in areas of salary and benefits for administrators, teachers and support staff; learning resources such as textbooks, classroom supplies, computers and related costs; school operations, including heating, lighting, maintenance, cleaning and insurance; and construction, including major repairs, renovations, additions and new buildings.

In the fall of 2002, the Rozanski task force heard in submission after submission that the key factor in the underfunding of school boards was that the benchmark costs were inadequate from the onset and had not been updated since 1998. There were some increases to the benchmarks since 1998 but nothing that would reflect the actual cost increases. A major criticism due to the general underfunding of the funding formula is the necessity to shift significant revenue from one grant to another. Employers appreciated a certain level of flexibility to run priority programs, but legislated requirements in some areas of the formula forced funding shifts that had a tremendous impact on less guarded but no less important areas. Rozanski, in his report, made it clear that despite other shortcomings in the way grants to school boards are generated, a formula-based approach was an efficient way to calculate funding that was designed to be equitable to all boards in the province. It was also made clear that the key to the integrity of a formula-based funding generator was the continued maintenance of the benchmark values embedded in the calculation. Therefore it was no surprise that Rozanski's number 1 recommendation was to update the benchmark costs in the funding formula to reflect the actual costs in 2003.

The degree of the underfunding was highlighted in the significant projected funding needed to update those benchmarks. The \$1.1-billion shortfall in funding was so significant that Rozanski proposed the government be allowed to allocate this catch-up funding over a three-year period. The former Tory government made good on the first year of the catch-up funding in the 2003-04 budget. The 2004-05 budget must include that second instalment.

1410

On top of the catch-up provisions in Rozanski's recommendation number 1, the funding formula must be kept current if it is to address ongoing costs of operating a school board. Rozanski's report in recommendation number 3 stresses the need to provide annual funding increases to keep benchmarks current. Without this keep-up feature of the formula, funding will always lag behind the actual costs of providing the services required.

In education funding, updating the benchmark salaries and supply costs would have the widest-ranging impact

on providing our employers with the means necessary to be able to negotiate fair collective agreements with their employees and consequently keep peace and stability in public education. The price tag for these priorities alone is over \$700 million, but these have to be the first consideration for government funding before other projects are contemplated.

Priority number 2 is pay equity. The Pay Equity Act is intended to correct the historical undervaluing and lower pay for work performed by women and men in female job classes. It specifically addresses gender imbalances and provides for compensation parity between women and men working at jobs that are different but are of equal or comparable value.

The implementation of the Pay Equity Act in Ontario for the public service sector occurred in 1990. Until 1998, the act limited the employer's obligation to a bargaining unit for retroactive pay equity adjustments to an annual maximum of 1% payout of their total payroll. Throughout the early 1990s, few boards of education claimed that 1% cap. Today, payment in full is mandated upon signing of the plan. That being said, funding the plan has been a problem. The Pay Equity Commission, the custodian of the act, has no responsibility for funding and the funding ministries have no responsibility for compliance. In the 1990s the boards of education did receive funding from the Ministry of Community and Social Services or the Ministry of Health to comply with the legislation. When and how it was allocated and subsequently spent is anyone's guess. The funds identified for pay equity were not subject to the same scrutiny and accountability as now practised in Ministry of Education and Training "envelope" economics.

With the passage of Bill 136 and the merger of municipalities, school boards and health care facilities, amalgamation was considered a sale of business. The pay equity liability of the legacy boards of education was assumed by the newly established district school boards. All boards were to have negotiated pay equity plans with all employee groups and the subsequent payouts were to have been completed by the end of 1997. All boards then had to renegotiate their pay equity plans as of January 1998, and this time without a phasing in or cap limitation. Currently, there are several boards that have an unexpected, unfunded pay equity debt that dates from 1990.

The distinction between justice and justification has been made apparent. Case law documents the futility of boards claiming their inability to pay as a reason to escape their pay equity responsibilities. Even further, in June 2003, CUPE, the Ontario Nurses' Association, OPSEU, the Service Employees International Union and the United Steelworkers of America won a landmark pay equity settlement. They successfully demonstrated that the Ontario government knowingly fostered sex discrimination in compensation practices contrary to the Pay Equity Act by failing to provide the necessary pay equity funding in the public service sector. In upholding a previous charter challenge, Justice O'Leary also found

that the public sector employers would go bankrupt without the necessary financial assistance. Hence, jurisprudence does not acquit boards and, for that matter, the government of their responsibility to fund pay equity.

There are 44 bargaining units within OSSTF attempting to negotiate a plan with a retroactive timeframe of at least six years. As well, 16 bargaining units have not even started to negotiate a plan with their employers. This unfunded liability puts added strain on the already stretched financial resources of district school boards.

In Thames Valley, our continuing education instructors, a small unit of mostly women, are not only struggling with low wages as a result of the underfunding of adult and continuing education, but are also into their eighth year of negotiations for a pay equity plan, with no end in sight. Boards need dedicated funding and a definitive time deadline to reach pay equity settlements with these most vulnerable employees.

Priority number 3 is staffing for school support. The government must establish base staffing levels for support of all schools regardless of location and size. Without a legislated requirement for staffing levels in most support staff areas, school boards have been decreasing attendance counsellors, psychologists, speech pathologists, office clerical and plant support positions continuously since the funding formula was launched in 1998. With inadequate funding in all areas of the funding formula, pressure falls on grants that are not protected by legislation.

The constant pressure to balance a school board budget without adequate funding forces employers to shift funding to meet demands in the legislated areas such as teachers with a 21- or 22-to-1 average class size or by compliance requirements such as the minimum spending levels in the special education grant. Plant support, office clerical, and professional school support personnel positions are, for the most part, funded by vulnerable areas of the grant structure. For example, the pupil accommodation grant is the sole source of funding for plant support personnel. The salary benchmarks for staff make up part of the formula to generate the grant, but there is no requirement to have any particular staffing level. Building maintenance, utilities, insurance and a long list of other requirements to operate the school board's facilities are also funded by that same grant. In addition, millions of dollars are diverted from the pupil accommodation grant each year to other areas of the board's balance sheet.

Office clerical staffing is funded from two areas of the grants. The foundation grant provides funding designated for school secretaries and the administration and governance grant supplies funding directed at board office personnel. These batches of funding create an inadequate pool of revenue to pay for all costs related to office management in schools and school boards. Since this funding is not protected, it is commonplace for significant portions to be moved to other underfunded areas of school board expenses. Boards have adopted the practice of "testing the bottom" to get by with minimum staff by expanding duties of the remaining personnel.

In 2003 a study was done to study methods of improving delivery of education to northern and rural schools. A major conclusion of the study was the need to increase the levels of support staff that help run the schools. The funding and compliance regulations can be based on the study Strengthening Education in Rural and Northern Ontario. All schools, regardless of location, must have the support staff required to maintain safe and effective learning environments.

Priority 4, average credit count: We urge the government to remove the 7.5 average credit cap from the teacher compensation grant.

Many district school boards, for a number of reasons, have designed the school day so that students may take more than four courses per semester and possibly more than eight courses per school year. Many school boards have music and other programs that provide credits for work done outside of the traditional instructional class time. In addition, the shortening of the secondary program to four years has caused the average credit totals in school boards to steadily increase.

The funding formula provides initial funding for an average of 7.2 credits per student in the foundation grant. The teacher compensation grant provides funding for additional credits above the 7.2 up to a maximum of 7.5 credits per student. Many boards are now reporting an average above the 7.5 maximum that is funded. A number of boards, including Thames Valley, are reporting an average of at least 7.6 credits per student. That may not seem like much, but the main non-funded expense for these extra credits is teacher cost. Even though these boards have credits above the funded level, the board must still comply with the 21- or 22-to-1 class size regulation. Therefore additional teachers must be provided.

For example, Thames Valley has an enrolment of 25,000 students. If the average credit count is 7.6 credits per student, the board would need to fund an additional 18.9 teachers above that provided by the formula. This is an expense of over \$1 million. To address this, the government must remove the 7.5 average credit cap from the teacher compensation grant.

Priority 5, adult education: The government must fund all credit programs equally, regardless of the ages of the pupils. Learning is a lifelong experience. Access to elementary and secondary public education ought to be a fundamental right for the individual and a non-negotiable priority for the continuance and growth of a society. The previous government viewed adult education as an economical way to deliver programs with no student support services, large class sizes, cheaper labour costs and low capital costs. As OSSTF predicted, the enrolment in the previously successful adult education programs has plummeted since the government instituted cost-cutting measures. The government must fund all credit programs equally, regardless of the age of the pupils.

1420

I've identified a few other priorities as well with less detail.

Funding for benefit plans: The Rozanski report indicated that funding for fringe benefits trailed actual cost increases by a wider margin than salaries. The report suggests an immediate increase in funding of 9% is required to bring the funding up to what the actual costs are.

Base staffing levels: Government must establish a base number of staff in each school, including administration and office clerical. That should not just be for the rural areas but it should be for all schools.

Special education funding should be based on IEPs and not on ISA standards, which in many cases rely on outdated medical descriptions. Staffing must be allocated to records and reporting in addition to service delivery to students.

Teaching time regulations: Remove the onerous 6.25 and 0.42 aggregate averages to allow more flexibility for teachers to perform their instructional duties with students. Include mentoring other teachers as a qualifying duty.

Professional development: The government's own Education Improvement Commission in its final report recommended that the ministry "increase funding for professional development to support continuing improvement in student achievement." The EIC observed that professional development, training and leadership are the cornerstone necessary to excellent education.

Finally, student support: The funding formula was released in conjunction with new legislation governing what support in the school is considered classroom and non-classroom. Any number of studies have clarified that a student's success in school depends on significant support from areas other than teachers. Teacher-librarians and guidance counsellors are key supports left out of the classroom designation. Subject department heads in their role as mentors to new teachers were another category that had funding cut. The government must support, through funding and other regulatory provisions, increases in staffing levels in these areas of the funding formula.

The Chair: We only have three minutes, so we'll put that time to the official opposition.

Mr Arnott: Thank you very much, Mr Rowdon, for your presentation. You have asked for a very substantial increase in education spending with your presentation today. I'm not sure what the total cost would be, but I think each of the recommendations would represent significant increases in spending.

The provincial government before Christmas found some additional money for education above and beyond what had been previously committed to by the former government, that being our commitment to fully fund and move forward on the Rozanski recommendations over a three-year period. I believe it was \$112 million that was set aside primarily for school boards in Toronto and the GTA, I guess, to assist with ESL costs.

The Minister of Education, when he gets new money, has to somehow prioritize how he's going to spend it. Do you think that was the right priority?

Mr Rowdon: Yes, I certainly think it's a good first step. It wasn't isolated to the GTA. Our board did benefit from that influx of money.

Mr Arnott: I believe it was primarily of benefit to the city boards.

Mr Rowdon: Yes, and it was for our vulnerable students—students who are at risk with the new curriculum, with the literacy tests and not being able to pass it, ESL. That is a step that we definitely supported and are very appreciative of.

Mr Arnott: A few months ago there was talk about the establishment of an education quality auditor to ensure that there was no money being wasted in our educational spending. The idea was that if we could identify wasteful spending and then savings, that money could be plowed back into the classroom to support important programs.

Would you support that kind of thinking, the appointment of an education quality auditor?

Mr Rowdon: I'm not really privy to the details of that. I would suggest, based on the cuts that have happened over the past seven or eight years, that finding waste would be very, very difficult. We're currently in a position where in a small school you make a decision: Do you have a secretary or do you have a skid of paper? Those choices are not ones that we want to continue to have to make.

The Chair: Thank you very much for your presentation this afternoon.

OXFORD HEALTH COALITION LONDON HEALTH COALITION

The Chair: Has the Oxford Health Coalition arrived? Please come forward. Good afternoon. You have 20 minutes for your presentation. You might leave time for questions if you desire. Would you please state your name for the purposes of Hansard? You can begin.

Mr Shawn Rouse: My name is Shawn Rouse. I'm here as a representative of the Oxford Health Coalition. I'd like to take this time to beg indulgence of the Chair. With the apologies of myself, being late with the weather coming in from Woodstock, and seeing the timetable, as the London Health Coalition is coming right after us, I would ask if it would be possible for us to do a joint presentation.

The Chair: Do we have unanimous consent? Agreed. You may do them together.

Mr Rouse: With the understanding that if we split this up it would be 40 minutes of the committee's time, perhaps we could look at an arrangement of a little bit more than the 20 minutes.

The Chair: The deputants are asking for somewhat more than 20 minutes. How is half an hour?

Mr Rouse: I believe that would be more than sufficient, and I thank the committee for their time.

The Chair: Do we have unanimous consent to allow this presentation for half an hour? Agreed.

Mr Rouse: Thank you very much. As I have done my introduction as Shawn Rouse from the Oxford Health

Coalition, I'd like to allow my co-presenter to also introduce himself at the beginning of this presentation.

Mr Peter Bergmanis: My name is Peter Bergmanis, co-chair of the London Health Coalition. Many thanks for the indulgence.

Mrs Beverly Dodman: I'm Beverly Dodman. I am one of the coordinators of the London Health Coalition.

Mr Rouse: The Oxford Health Coalition is a network of many organizations and individuals in all areas of Oxford county. Our primary goal is to empower the people to become actively engaged in the making of public policy on matters related to health care and healthy communities. Through public education and support for public debate, we contribute to the maintenance and extension of a system of checks and balances, a system which is essential for good decision-making. We are a non-partisan group committed to honour and strengthen the principles of the Canada Health Act.

In October, Ontarians voted for the fundamental change in direction promised by the Liberal Party during the election. What has alarmed people is the impression that government policy appears to be the adoption of a regime of asset sales, privatization and constraint rather than reinvestment in our social programs through a progressive tax system. Ontario's public health care system has been severely battered in the past eight years while the previous government gave first priority to tax cuts to the wealthy, leaving the sustaining of health and social programs in a distant place. Current priorities don't appear much different. We are hearing almost daily that the inherited deficit has to be remedied before anything can be done to improve health care or education, even though the crying needs in both sectors remain Ontario voters' highest priority. Our health care system, and Ontarians who need it, cannot sustain more of the same.

We have learned a few key lessons from the last eight years in Ontario and from worldwide evidence that privatization and restricting services do not save money and threaten the future of the health system. From our experience, it is clear that:

(1) Delisting and attacks on universality of medicare are a false economy, replacing progressive taxation with regressive and inefficient out-of-pocket costs. After the recent years of Conservative government, Ontarians now have the highest out-of-pocket expenses for health care of any province in the country, an average of \$1,072 per person each year. For many of the working poor, for example, this more than wipes out what they received in so-called tax cuts. For middle-income families, it diminishes significantly any tax cut savings.

(2) Privatization has increased our health care costs and fostered a system that is less accountable and responsive, not more. The most efficient use of society's resources is thoughtful investment in necessary public infrastructure and restoration of public, non-profit delivery of services.

(3) Health promotion and disease and injury prevention are cost-effective, yet governments fixated on this year's bottom line have failed over and over again to invest now to save costs and build a better health system.

(4) If one wants to look at the high costs of privatization, one need only look at the pharmaceutical industry. Ontario's drug costs have increased by a whopping 130% since 1995-96. The solution is not to destroy the universality principle of the health system. It is imperative that the province work to advocate for controls on drug pricing.

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It is our belief that the goal of a public medicare system is to create the best health and health care possible for all residents. For too long, public policy regarding health care and the determinants of health has been based on short-term financial planning. In the meantime, closed-door negotiations have upheld old-fashioned monopolies of power, and the health care reform agenda has been captured by an increasingly powerful private health care industry.

Unlike policy-makers, Ontarians do not see health care as a commodity. We see it as an essential social program, an integral part of our social infrastructure. Medicare must not be seen merely as a public insurance scheme covering parts of a largely private industry. It will not be sustainable if defined in this way.

The future sustainability of medicare will depend on stable and adequate funding. It will depend on a greater percentage of health spending directed to patient care rather than advertising, profit and excess administrative costs. Medicare's future depends on restoring public confidence through building democratic decision-making, improved transparency, accountability and public access to information. It depends on renewal of and extending the application of the principles of universality, comprehensiveness, accessibility and public administration. It depends on the extension of the principles of the Canada Health Act to cover home care. It depends on control and coverage of drug and treatment costs. It depends on stable coverage of preventive services, including homemaking, physiotherapy and other therapies, and access to timely treatment, of course. It depends on a serious commitment to combat the social causes of ill health: poverty, lack of safe and healthy housing, barriers to the access of public services and education, and unhealthy environments and workplaces.

In the last decade, cuts and increases in pharmaceutical prices have increased the out-of-pocket burden Ontarians carry for health costs. According to the Canadian Institute for Health Information, Ontarians now pay \$1,072 per person per year in out-of-pocket costs, up from \$860 in 1995. OHIP delisting, high pharmaceutical costs, shortened hospital stays, poor funding of rehabilitation therapies and inadequate home and long-term care have contributed to an escalating burden of out-of-pocket expenses for Ontarians. Some 45 procedures, amounting to approximately \$100 million, have been delisted from OHIP in the last eight years. With the passage of Ontario's Bill 26 in 1996, seniors and those on fixed incomes began to pay user fees for their drugs. Inadequate funding and cuts to home care budgets have caused thousands of Ontarians to lose homemaking and

home care services if we cannot afford to pay for them. Almost three million Ontarians have inadequate drug coverage, according to a recent report commissioned by Health Canada.

While the temptation to delist services as a means of cost control may work to move costs off the province's books, it does not eradicate those costs. Mr Romanow noted in his report that these cuts were a "false economy," simply shifting the burden of payment from the progressive tax system to individuals. If we must pay either way for health services, why not pool our resources through the tax system and increase our efficiency through bulk purchasing and non-profit public services, as the medicare system is designed to do? The proposed delisting of substance abuse programs and hearing aids and the proposed dismantling of universal drug coverage for seniors must be abandoned, and a renewed commitment to universal, publicly funded services must be made.

The global evidence is that the more privatized health systems are the most costly. Certainly we can look to the results of the massive privatization in the United States over the last 10 to 15 years to see the impact of privatization. In 1971, when the last province signed on to medicare in Canada, both Canada and the US spent approximately 7% of our GDP on health care. Since then, US costs have grown exponentially higher, now accounting for almost 15% of GDP compared to our 10%. Weighed down by unequalled administrative costs, duplication, white collar fraud, advertising-fed demand and profit-taking, Americans now must pay \$5,440 in US dollars per person for health care, more than double our per person cost, even though more than 50 million Americans have no health coverage whatsoever. As in Canada, the multinational pharmaceutical industry is one of the main cost drivers in the system, accounting for one sixth of the increases in health spending over the last year.

A growing portion of Ontario's health service is controlled by private, profit-seeking corporations—many of them the same companies as are operating in the US. The outcomes of this experience provide evidence of the negative effects of privatization of health services.

In Ontario, an increase in private delivery amounts to an increase in cost and a diversion of resources away from patient care. Privatization of cancer care and emergency triage systems has been accomplished only at a greater cost than the public systems, with unproven results.

Drug costs have the dubious distinction of being the greatest growing provincial budget item. The net effects of privatization have been higher per-unit costs, erosion of service levels, money redirected from care to profit, higher out-of-pocket expenses and inefficiencies. Cost control in Ontario's health system relies on non-profit delivery of services. We need less privatization, not more.

The evidence that so-called public-private partnership, or P3, hospitals cost more is overwhelming. Following

the same model as the privatization in Britain, termed PFI, or private finance initiative, Ontario's P3 hospitals are already showing cost increases from initial projections.

In Brampton, capital costs alone have increased from a projected \$300 million to over \$350 million. In Ottawa, costs are up from an original cap at \$100 million to \$125 million, and they haven't even broken ground yet.

In Britain, the deputy controller of the national audit office described the PFI-for-money test as pseudo-scientific mumbo jumbo. Consultants for the first 18 British P3 hospitals cost over \$110 million alone.

In Australia, the New South Wales state auditor found that their P3 hospital could have been built two times over in the public sector for what they will eventually pay to the private sector. The Enron-style accounting for these schemes has been similarly criticized by auditors general in the UK, Scotland, New Brunswick, PEI and Nova Scotia.

In addition to higher costs, P3s hide debt from the province's books in their complex long-term lease deals. The contract for Coventry's Walsgrave Hospital was 17,000 pages long. Britain's auditor general and deputy controller says the accounting exercise used to justify these projects "becomes so complicated that no one, not even the experts, really understand what's going on."

What is clear is that in the P3 model we will pay more simply to hide debt from the public and we will lose vital control over our hospitals and health system as a result. It is imperative that the government stop these P3 deals and revert to public financing and control over our hospitals.

I have a video on that issue that I will present to the Chair afterwards as well, just for your own record.

The Chair: We'll make copies for each member.

Mr Rouse: Privatized delivery of home care through the competitive bidding model adopted by Ontario is redirecting precious health care dollars out of patient care and into ballooning administration. Six years after its inception, Ontario's home care system is rife with duplication, inability to use staff efficiently, excess administration and profit-taking.

A recent report by the Canadian Union of Public Employees uses the data that are available to estimate that these problems cost approximately \$247 million per year, or 21% of the CCAC provincial budget. There is no ministry assessment of the inefficiencies that have been created in the system.

Tinkering with the competitive bidding model adopted by the province will not be enough to solve the core problems in home care. A core component of the system's inefficiency is profit-taking. It has been estimated that \$42 million per year of public money is currently paid out in profit to owners and shareholders of these companies. If there were public access to financial and contract information across the province, more specific examples of this would be found.

Managed competition has created instability in the industry, redirected health funds to profit and administration, contributed to severe staffing shortages and

caused a decline in patient care. The province should move immediately to restore public, non-profit home care and allow CCACs to hire staff directly to eliminate duplications and profit-taking.

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Mr Bergmanis: Thank you, Shawn. I'd like to address issues surrounding private labs, public labs, long-term-care reform and hospital restructuring.

In the instance of labs, an investigation of the public-private partnerships for laboratory services reveals that increased private delivery has not contained costs and has created new user fees and problems for the remaining public labs. Public labs operate at a disadvantage. Where private labs bill OHIP on a fee-for-service basis, public labs are funded out of the hospital's block funding. They do not have the means to deal with higher volumes of services, especially outpatient work, and they do not have the means to invest in new technology or facilities. While for-profit labs have taken the higher-volume and lower-cost services, public labs must deal with more complicated, specialized, non-routine and less profitable tasks involving skilled technologists and high-cost equipment.

In long-term care, the Ontario government is funding, for the very first time, for-profit corporations. While government and out-of-pocket spending is on the increase, staffing and care levels are among the lowest in the country and new funding has disappeared into a black hole of unaccountability. Recently, there have even been layoffs in some homes, and lack of preventative care contributes to expensive hospitalizations of clients. Last November, one of the biggest for-profit nursing home companies in Ontario, Extendicare, reported record profits. Its CEO was attributing this to direct financing by public funding. New regulations to force nursing homes to spend their funding on care through minimum staffing levels and improved inspection and enforcement regimes are desperately needed to protect staff and residents and to ensure efficient use of resources in this sector.

On the restructuring front, in the mid-1990s approximately \$800 million was cut from hospital budgets. This, ironically, is also equivalent to the sum we seem to be paying to service the provincial debt due to our tax cuts. Funding instability has not only caused deep cuts to services, it has also created new monetary and other costs. The cuts and restructuring have combined to create grave inefficiencies and redirection of precious resources from patient care to administration, capital costs, consulting fees, etc. Non-monetary costs, such as demoralization of staff, increased stress, accidents, injuries and staffing shortages, are all on the rise. Insecure budgets have diminished the ability of facilities to hire permanent full-time staff and create working conditions to attract and retain personnel.

The justification for the cuts was that savings would be reinvested in community care. However, the costs of cutting proved to be much higher than anticipated and the anticipated savings never really materialized. In Ontario, literally hundreds of millions were spent on consultants and restructuring to reduce patient length of stay, lay off

staff and close hospital beds. London was no exception to this. In fact, we recently had the discredited Andersen Consulting, of Enron scandal fame, as well as IBM Global Consulting more recently, as two high-profile consulting firms engaged in restructuring hospitals in London. Andersen received a total of \$300,000 for its slash-and-burn advice and, lo and behold, IBM Global's deal remains shrouded in mystery. Unfortunately, the same result applies: The system is sent spiralling into crisis, forcing refunding of hospitals. Ironically, millions more had to be spent trying to hire back staff and reopen hospital beds in the long run.

As important as overall funding is, where that funding is directed within the health care system is also very important. It is evident that the refunding of hospitals and funding increases in long-term care have not improved population access to staff and beds. By last spring, Ontario was spending more than ever on hospitals, but 5,900 hospital beds remained closed from the cuts originating in the mid-1990s. According to Statistics Canada figures, staffing per population has declined since 1995, when there were 168 hospital staff and 93 long-term-care staff for every 10,000 Ontarians. By 2003, we saw that hospital staff had been reduced to 153 and long-term-care staff to 75 per 10,000.

While hospital executive salaries have increased substantially over this period, and London is informative in this in that we have two CEOs here who probably combined have over \$700,000 annual income, front-line staff wages did not keep pace with the cost of living.

We know as well that Ontarians are largely satisfied with the care hospitals provide. Hospital report cards consistently report, however, their dissatisfaction with the quality of food and cleanliness of facilities. These are the two most privatized or, shall we say, contracted-out services that hospitals provide.

Looking at the evidence from the last decade, the government should be wary of restructuring plans that cut access to services. In this city alone, by 2006-07, seven physical health care sites in London and region will be reduced to five and two emergency departments will be closed, while currently we still are looking at 20,000 city residents unable to find a family physician.

In conclusion, Ontario's health system has been substantially weakened through a decade of privatization and restructuring. It cannot sustain more of the same. It is in part because of the decline in medicare over the last decade that Ontarians voted for change. We expect the government to fulfill its promises to stop profit-taking and privatization in health care, to rebuild access to care and to promote population health.

The evidence is clear: A refusal to reinvest in health care through a progressive tax system is a false economy. Privatization will simply increase costs and hide debt. As a society, we will pay, and pay dearly, if this policy direction is not stopped. This government has both the mandate and an obligation to Ontarians to institute a fair taxation system to reinvest in medicare. The situation is critical and, through irresponsible tax cuts, largely self-

inflicted. The future sustainability of our health system relies on your recommendations. I thank you for your time.

The Chair: Thank you. Does that complete both presentations, then?

Mr Rouse: Yes, it does.

The Chair: We have about three minutes per party. We'll begin with the NDP.

Mr Prue: In three minutes I'm going to try to ask two questions. First of all, could you give us some more information about the level of dissatisfaction that people have with the contracted-out hospitals? This is the first time I've ever heard about the contracted-out portions of the hospital—the maintenance, the cafeteria. I'd like to just get a little bit more information. What percentages were dissatisfied, that kind of stuff?

Mr Bergmanis: Sorry, Michael, I don't have the exact percentage figures but this is readily available from the Ontario Hospital Association. They released their annual report card as of January 26. It defines various areas within acute care settings and other sectors of the hospital where they have looked at the quality of care, patient satisfaction rates. Needless to say, just in a broad stroke, patients have been pretty satisfied with the level of care they're getting in Ontario, but they consistently keep repeating that the quality of food is down, that the cleanliness of hospital facilities is down. This can be directly attributed to the fact that we put in private operators to do the housekeeping, that we contract out the food production. Here we have a situation under our noses where the private sector is obviously cutting corners in order to establish a profit margin.

Mr Prue: I'm also interested in the statement you made around the discredited consultants. We live in a world where we're seeing that the private sector can't do it as well as the public sector, in spite of what we've been hearing for years from my friends here to the right. Do you know how much the city of London or the hospitals pay these people? I'd like to know how much they were paid for this service.

Mr Bergmanis: The only figures I can put my hands on are what transpired back in the mid-1990s with Andersen, before it decided to morph into Accenture. At that time it received \$300,000 from St Joseph's Health Care to provide its consulting services. That basically came down to, again, how can you cut staff, how can you reduce the amount of beds, turnover rates etc.

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IBM Global is currently on the verge of releasing a study of its own for the London Health Sciences Centre, and that is shrouded in secrecy. We cannot get information from the hospital. They cite commercial interests as being the reason. We again, as a coalition, are very opposed to these kinds of secretive arrangements. The public predominantly pays for this and yet we have no access to the information.

Mr Prue: Sort of like MFP in Toronto.

The Chair: We move to the government.

Mr Colle: In terms of the cost of the American system to the Canadian system—this came up yesterday in Niagara Falls, and it's something that we've asked research to give us more information on. One of the things that I think you point out is the American health care system is much more expensive, that 15% of their GDP is spent on health care. We spend 10% and our system is 10 times better, and everybody will agree with that.

I'd like to ask you, in terms of making people appreciate what they're getting in their public health care system—this was even talked about by the last government but they didn't implement it. We would send an invoice if you went into a hospital and got your tonsils or gall bladder out or whatever it was; the person receiving that operation received an invoice basically saying that for care in a public hospital this is what the cost was, these are the services you received, that's the value of it, and then with a huge reminder at the end, "Because of your taxes that you pay, you received this medically necessary public service at no cost." I know a lot of people don't like that. Don't you think it would help make us appreciate, as Canadians, what we're getting for our tax dollars?

Mr Rouse: It does enlighten some folks as to what the actual cost of surgical or medical procedures would be, but there's a really strong position out there that that in turn has people double-think about whether or not they will actually seek medical attention. Those folks who are under the poverty level may see it as their duty not to seek medical attention because of the cost incurred to the system, when in fact they need it anyway.

You want people to appreciate what they get. Hospitals, facilities that I'm very familiar with because I work in a hospital, do exit surveys with patients upon discharge. Overwhelmingly patients appreciate the level of care they are receiving within the hospital. Just recently there was a study that was released about the amount of wait times in emergency rooms. The concern that was raised was not that people didn't think they were well cared for in emergency rooms; they just thought they had to wait too long.

So all things said and done, people really appreciate the level of care they receive, and when they get it, they show that verbally and physically. The old adage is, when you get bad service you tell 10 people; when you get good service you tell one person. In this case, it is a prime example. Those people who speak the loudest are the ones who have poor service. I don't think poor service is what we're getting. Service delivery is where the issue is.

Mr O'Toole: Thank you very much, Shawn. I gather you work at the hospital. In the hospital you work at, are you a member of CUPE or are you a doctor?

Mr Rouse: No, I'm a member of CAW.

Mr O'Toole: OK, not that it matters.

Mr Rouse: Not that it matters, yes.

Mr O'Toole: I just didn't want to address you as "Doctor" when I shouldn't be.

But anyway, right now I think you should know that about 28% of all health care is private. Did you know that? Today; it has been for a number of years. Do you know that most of the drug plans you're referring to are under drug benefit plans? So 28% or more—that's \$7 billion is private now. Do you appreciate that WSIB, the Workplace Safety and Insurance Board, is private health care? Do you know that? Your employer pays a premium and they buy insurance against risk of accident and WSIB is assessed a risk factor and pays the province of Ontario from its general revenue. Did you know that?

You know it's very expensive for auto insurance; 28% or more of that is private insurance against accidents, which is personal injury, which is a broken arm, or whatever. That's private.

So when you make the profound statements, it's a very large and growing part, the drug part especially, under benefit plans, which are challenging employers like yours to drop your benefit plan because of the cost of drugs—are already and have already been private. I'm not lecturing, I'm just sort of trying to have you be quite straightforward.

The P3 experiment of this government here: Where are they going to get the \$400 million to \$700 million to build a hospital? Where are they actually going to get the dollars to pay the tradesmen?

They're going to borrow it. From where? From a pension fund? The pension fund charges a profit. That's private. I don't care whether they call it P3 or mortgage, leaseback or whatever; it's private. So you've got to sort this thing out a bit. A lot of what you are saying is actually wrong.

It's discouraging sometimes. I'm not lecturing you, but it's actually wrong.

Mr Colle: Oh, come on, John.

Interjections.

Mr Rouse: In deference to the member, I would appreciate—

Mr O'Toole: It's disappointing when the information is false.

The Chair: Order, Mr O'Toole. You can respond.

Mr Rouse: In deference to the member, I really appreciate your comments and know them to be of value to this committee, but that's where the difference of opinion stands. The ownership, leaseback, mortgage or otherwise is a fact of hiding debt from the public in private, secret deals that the previous government has compounded with secrecy and backroom deals, power structures accordingly with multinational and large financial institutions without a stitch of information coming to the public to let them know that what is actually happening is better for them. The deals are secret. While they remain secret, they will be the paramount fault of what has happened in our health care system.

Mr O'Toole: Ted has a question. He lives here.

The Chair: The time has expired. I want to thank you for your presentation this afternoon and your cooperation in putting your two presentations together.

JOHN ASTLES

The Chair: Is Mr John Astles in the audience? Please come forward.

Good afternoon. You have 10 minutes for your presentation. You may leave time for questions, if you so desire. If you would, please identify yourself for the purposes of our record, Hansard. You can begin.

Dr John Astles: My name is John Astles. Good afternoon to the committee.

How many working people can say it has been almost 15 years since they last had a raise in pay? I hope not many. Unfortunately, Ontario's optometrists can say this since their last fee increase for OHIP-funded services was on April 1, 1989.

I am an optometrist who has practised in London, Ontario for over 23 years. The concern I bring to you today, which is also the main concern of the Ontario Association of Optometrists, is the OHIP reimbursement issue. The OAO, of which I am a member, represents the overwhelming majority of optometrists in the province.

Optometrists are the main providers of primary eye care in Ontario. Over three million Ontarians visit an optometrist per year. We diagnose and treat eye diseases and disorders and refer when appropriate. An eye examination involves determining the refractive, binocular and health conditions of the eyes and visual system. On average, I take 30 minutes to do a full eye examination. Most of that time is spent on eye health assessment.

What does the fact that optometrists have not had a raise in almost 15 years mean to us, the practitioners? It means, with the current OHIP fees, it is virtually impossible to meet the standard of care as set down by the College of Optometrists and at the same time have a financially viable practice. Yet, even under these difficult circumstances, my colleagues and I continue to meet the standard of care because it is paramount to our patients that we do so. In my case, when considering what I receive from OHIP, plus the contributions from my associates for their OHIP-paid exams, and then taking into account my overhead costs—which include staff, equipment, maintenance, heat, hydro, telephone, instrument purchasing, leasing, municipal taxes, insurance and, lately, snow removal—I make approximately \$3 an hour.

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We receive \$39.15 for a full eye examination and have stayed at this, as mentioned, since 1989. Considering the change in the cost of living, \$39.15 in 1989 would be equivalent to \$53.18 today. Therefore we have actually received a reduction in pay of \$53.18 minus \$39.15, which equals \$14.03 per full exam. Ontario's optometrists receive the lowest reimbursement for an eye examination in Canada.

What does the current funding situation mean for patients? For one thing, it has created a crisis in that we can no longer afford to purchase important instrumentation to keep pace with advances in knowledge and technology for the benefit of our patients. For example, I will not be able to purchase an instrument recent research

has shown vital for the diagnoses of glaucoma called a pachymeter. Also I have had to abandon plans to purchase something called a digital fundus camera. This takes photographs of the inside back of the eye, the retina. It is probably the best way to document and monitor eye diseases of the retina caused by diseases such as diabetes.

In 1999, the OHIP Optometry Schedule Review Commission presented a proposal to the Ministry of Health and Long-Term Care which determined that, in an environment of limited resources, there is merit in focusing coverage of optometric services on those most in need. I acknowledge this government has inherited a significant budget deficit. Therefore, would it not be time to consider all fair options, such as allowing for partial de-insurance, or balance-billing, such as is allowed for chiropractors?

The negotiations with the last government began at the start of 2003, but fell through on July 15. The OAO is asking for an increase in compensation equalling the cost of living between 1989 and now. However, the last government failed to offer a raise and, worse, wanted to impose a universal hard cap less than the profession billed to OHIP in 2002. Instead of a raise, this would have meant a reduction in pay. The OAO has not met with the Ministry of Health and Long-Term Care in over six months. The ministry will not consider any options other than the status quo and they refuse to appoint a mediator.

An optometry practice is a business and, like any business, it must be financially viable. This is confounded by our being captives of a system of reimbursement for our clinical services controlled by the government. We have no choice in this; we cannot opt out and we cannot balance-bill. Therefore we have to rely on good faith by the government to reimburse us fairly. This, of course, has not happened. Our patients need for this to happen. The quality of care they must receive and deserve to receive is unsustainable at the current level of reimbursement. Please choose the right thing and support either a significant raise in our fees or other options to allow us to be reasonably compensated for our services.

Thank you for the opportunity to speak to you today.

The Chair: Thank you very much. We have two minutes per party. We'll begin with the government.

Ms Judy Marsales (Hamilton West): Thank you very much for your presentation. I have tremendous sympathy for your organization, based on a meeting I had with Mr John Aldridge in Hamilton. I believe it was his father who actually was the founder of your organization. I think part of the challenge is that the general public does not understand the difference in the services being offered against the cost of glasses today, and upon understanding that would quickly realize that you don't seem to be achieving fair compensation for your skill level, the degree of knowledge and the service that you are providing to the general public.

I was appalled by the treatment, I guess, in the past few years by the government in terms of your organ-

ization. My question to you then would be, what singular thing could your organization do to make the general public more aware of the need for your services, as well as our organization and this committee to be of some support and assistance?

Dr Astles: We do have a program in place of advertising our services to the public that goes across the country; not just in Ontario. I think that we have to consider a press release to educate the public about what we do and what our current situation in terms of funding is, and also that basically it's unsustainable. It's gone on for almost 15 years and just can't keep going on. We can't continue to give away our services like this.

The Chair: We'll move to the official opposition.

Mr Arnott: What does OHIP pay an optometrist for a routine eye examination?

Dr Astles: About \$39.15.

Mr Arnott: That's the fee that hasn't increased since 1989?

Dr Astles: That's correct.

Mr Arnott: In the midst of negotiations with the government, your association has put forward a proposal, I'm sure, as to what it should be. What do you think is a fair fee for that procedure?

Dr Astles: Their proposal is that we simply keep pace with what we received in 1989 and therefore make the raise equivalent to what the cost-of-living increase has been between then and now. In a sense, that's not even a raise; it's just keeping pace with what we received originally in 1989, if you want to call that the original date. But I think that's what the members of our association would be happy with, and that's what the association is asking.

Mr Arnott: I would agree with you. On the surface, it seems extremely low and it seems that if there hasn't been a raise since 1989, certainly there should be consideration given to an increase.

Dr Astles: They weren't even asking for any retro-active pay in that time.

Mr Arnott: Your request that a mediator be appointed has been ignored by the government?

Dr Astles: Yes.

Mr Arnott: Why do you suppose that is?

The Chair: Thank you, Mr Arnott. We'll move to the NDP and Mr Prue.

Mr Prue: You started my question. Why do you suppose that is? I think this is really important. When did you apply for the mediator?

Dr Astles: The last negotiations were at the start of 2003, and they fell through on July 15. I wasn't a part of that. I'm not really here to represent the OAO—I'm representing myself—but I think it was probably somewhere in the spring or early summer of 2003.

Mr Prue: So it was the previous government that refused the mediator.

Dr Astles: Yes.

Mr Prue: OK. Have you applied since this new government? Have you applied for mediation again? Because I think they may be somewhat more sympathetic; at least I hope so.

Dr Astles: Not that I know of, we haven't.

Mr Prue: May I suggest to you that that's really what needs to be done. I think perhaps you guys need to be just a little bit more militant. I can't imagine any other group in this country—and I don't want to lecture you—waiting 15 years without a raise. So might I suggest that to you.

Having said that, obviously your skill levels have had to go up with all the new technology, all the new instrumentation and some of the processes used and described here today.

Dr Astles: There's been a transfer of responsibility from ophthalmology to us too because of the shortage. So there too we're assuming more responsibilities.

Mr Prue: More responsibilities, more duties, more knowledge, less money.

Dr Astles: Yes. That's what it amounts to.

The Chair: Thank you for your presentation this afternoon before the committee. We appreciate it.

STRATEGIC ALLIANCE FOR E-LEARNING

The Chair: The Strategic Alliance for e-Leasing—I'm sorry, mine has a printing error. The Strategic Alliance for e-Learning. You have 20 minutes for your presentation, and you may leave time for questions if you so desire. I would ask you to identify yourselves for the Hansard record.

Mr Jim Empringham: Hello. I'm Jim Empringham. In my day life I'm a superintendent of education with the Thames Valley District School Board. In my night life I'm the chair of the Strategic Alliance for e-Learning, a consortium of district boards of education in the province focusing on the virtual learning environment.

Ms Ruth Mattingley: I'm Ruth Mattingley. I'm a superintendent of education from the Lambton Kent District School Board, and our board is a member of the strategic alliance for virtual learning.

Ms Alison Slack: My name is Alison Slack. I'm the operations manager for the Strategic Alliance for e-Learning.

Mr Empringham: Thank you for the opportunity to present today to the standing committee. I think it is important to make sure we clarify the typo. E-learning versus e-leasing is a wide gulf.

E-learning: We're talking about educational opportunities for students in this province. You should have a handout from the alliance. I'm simply going to introduce the topic, and Ruth will give you some of the background. I'll follow up with the conclusions and recommendations.

The key issue here for us is that the Ministry of Education for the province of Ontario has not established a provincial direction to support virtual learning for students in the province, unlike much of the world around us: provincially, states, and internationally. The current funding model doesn't recognize credits achieved through the virtual environment as equal to credits achieved in a traditional day school class. Students in this province are disadvantaged in relation to their national

and international peer group by this lack of direction. It is essential that a provincial direction for virtual learning be established in the immediate future, and that really is our purpose here today.

1510

Ms Mattingley: Due to the wide range of needs and community conditions in Ontario, the delivery model for Ontario curriculum must continually evolve to ensure equity of access and responsiveness to changing needs. Virtual learning has been recognized across Canada and throughout the world as a viable and effective means of providing educational programs to students, and yet in Ontario there has been no provincial direction to support virtual learning for our students. We are here today to ask that you consider virtual learning as an essential component of your budget deliberations to ensure that Ontario students have greater access to quality courses, that no matter where they live or the size of their community or school, they have equitable access to Ontario curriculum.

Not only does virtual learning provide greater access to courses, but it also provides our students with a skill set that enables them to function in an environment that is used worldwide in post-secondary education and the world of work. Students in our province will be disadvantaged when compared to their national and international peers if they have not had access to virtual learning.

As Jim stated, the current funding model does not recognize credits achieved through a virtual environment as equal to credits achieved in a traditional day school class, nor has there been provincial encouragement for innovation through start-up funding to school boards to develop virtual learning sites. Without adequate funding and appropriate changes to existing legislation, it will be impossible for Ontario school boards to move forward in providing virtual learning opportunities for our students.

Virtual learning provides students with the opportunity to achieve secondary school credits on-line in a virtual learning environment. Students have access to instruction from a fully qualified teacher and engage in learning in an interactive electronic environment. Students have the ability to learn anywhere at any time. Students have opportunities to dialogue with each other and the teacher. The only difference between virtual learning and a traditional classroom is that there are not four concrete walls limiting where they can access these courses. Class size is comparable to regular day school to ensure a quality experience. Virtual learning is designed to meet the needs of learners who are unable to access the courses they need in traditional classroom settings.

There are many reasons why students in Ontario should have access to virtual learning. Aside from developing an important set of skills that enable them to function effectively in a virtual environment nationally and globally, virtual learning provides greater equity of access to Ontario secondary school courses.

Virtual learning provides students with greater flexibility in obtaining courses, providing a solution to time-

table conflicts or personal schedules or issues that might interfere with a regular day school program. Parents who home school their children would have an option of a delivery model that provides access to Ontario courses while still enabling them to provide an education in their home environment. Currently, students who are in hospital or at home due to medical reasons are not able to access a range of courses. Virtual learning would enable these students to continue their education.

As many of you know, in Ontario we have seen a decline in enrolment in many jurisdictions. Remote, rural and small schools often struggle to be able to provide the range of courses students need to graduate or to meet the requirements of their post-secondary destinations. Students who have access to virtual courses can stay in their home schools and communities while accessing a course that a teacher may be delivering many miles away. Virtual learning broadens our options, provides flexibility for students, and, most importantly, provides greater equity of access to Ontario courses for the students of Ontario.

Virtual learning is not new in other jurisdictions in Canada. Eight provinces currently have a virtual learning strategy in place. These include Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nunavut, Quebec and Saskatchewan. By developing a provincial direction, all of these provinces have recognized the importance of providing their students with the tools to thrive in a virtual environment and the role that virtual learning plays in providing greater equity and flexibility for students. It is extremely troublesome to see that provincially Ontario has not yet recognized the importance of virtual learning and addressed the growing demand for access to this learning environment.

Since there is no provincial vehicle for the development and operation of virtual learning, many boards have ventured out on their own to develop courses and provide on-line learning. Local school boards have struggled to find enough funds to cover start-up costs, course development, professional development, delivery and technology costs. Due to the lack of provincial direction and adequate funding, boards are struggling to sustain the current efforts.

In the absence of a provincial direction, the Strategic Alliance was formed in 2001 and, as Jim mentioned, consists of 10 district school boards. These boards represent a broad cross-section of Ontario students. Our alliance of school boards formed to address the demands of students and their parents to provide equitable access to courses and virtual learning opportunities in a way that created economies of scale. The alliance brings together a group of like-minded boards recognizing the need for students to have access to virtual learning and the importance of sharing resources and developing high-quality learning opportunities for students.

The Strategic Alliance has trained teachers, shared expertise, written outstanding on-line courses for secondary school students and provided a network for furthering on-line learning. The Strategic Alliance, through effective

collaboration, has been able to deliver and develop virtual courses to students across the province.

The Strategic Alliance has developed over 20 courses, which were written by teachers and subjected to a rigorous quality assurance process in order to ensure strict adherence to the expectations of the Ontario curriculum. Course developers were all trained together in order to ensure consistency in format, delivery, and assessment and evaluation. All school boards within the Strategic Alliance operate on a common platform to ensure interoperability and to be able to share the resources and courses.

Hundreds of students in the Strategic Alliance school boards have accessed courses through virtual campuses, and not only had positive experience but were able to access courses that they might not have been able to access in their regular day-school program. We are extremely excited and proud of the progress that we've made in a very short time, but we're at a critical point. Like other boards that are offering virtual learning, we need the support of the Ministry of Education.

The current lack of funding for the development of virtual learning and insufficient dollars for operating these sites will result, in the very near future, in member boards being forced to cancel virtual learning courses for students. The benefits of virtual learning are too great to see the loss of what has proven to be a highly successful course delivery model.

I'll turn it over to Jim to talk about the recommendations.

Mr Empringham: Thank you, Ruth. Just to add a couple of more points before I do the conclusions and the recommendations, I think it's important to note that we have made numerous presentations in the past to the Ministry of Education, to various committees and various individuals, to inform more of what virtual learning is. One of the key things is that it is not text-based correspondence education on-line. Correspondence education has a success rate in the low teens. That's not what we're looking for. We're looking for an interactive, real classroom environment that allows children to interact with teachers and students and be successful.

It is important to note two things: that it isn't the old kind of learning and it is also something we have broached with the ministry on numerous occasions. The other thing to keep in mind is that we're not here representing truly just the alliance; we're representing the students of Ontario. We happen to be a group which has joined together to provide opportunities for our students, but certainly we are looking for the students of Ontario.

If I might briefly run through the conclusions that we have drawn from the materials that Ruth has presented, the first is that clearly the opportunity to access learning opportunities through a virtual environment is an essential need for our students, and this is a critical time in the world, let alone in this province, in that regard.

1520

It is also essential that students in these schools today acquire the knowledge and develop the skills required in a virtual environment. As an aside, an interesting thing is

that there are a number of private schools cropping up in the province providing e-learning—virtual learning—to students. It's hardly an equal plain for the students in this province: If you have money you can go; if you don't, you can't. Clearly we need to have a public position.

Ruth has mentioned, and one of the conclusions that can't be understated is, that in these times we have declining enrolment; an implied, if not direct, pressure on students to complete secondary school in four years; and five destination pathways to complete high school, which end up in a fragmented curriculum. Many of the secondary schools in this province are unable to provide the required range of courses. That is a clear outcome of the most recent changes in the expectations for student graduation.

Virtual learning should be available to all students. We are representing all the students in this province, but clearly if you're in Moose Factory with less opportunity than a student in London, Ontario, you need to have some equitable opportunities. If you are a disabled youngster or someone with significant challenges that otherwise disallow you from attending a regular school, there should be something that evens the playing field and not simply text-based mail-in courses. Students in rural and isolated Ontario are clearly at a disadvantage without the opportunity to access such courses.

This is a new environment and does represent an increase in costs to boards. Yes, we can say that if they're on-line they're not in bricks and mortar, but be assured that there are many other related costs that make up for that.

Districts offering virtual courses will be unable to sustain this for much longer. It is important for you to know that within the alliance, we had 12 boards at one time; we now have 10. We had two leave this year, and we are likely to lose another two or three or more if we don't have some kind of impact soon to help boards support this concept. Trustees have recognized this is essential for their kids. If you look at the boards that are associated with the alliance, you can see that they're spread across this province. Many are small. Thames Valley may be a large board, but it's spread across a very large part of this province. It is essential that these needs be recognized, because we're stealing money to pay for this right now and we can't keep doing that. The reserves are gone.

We recommend that any plan that is developed should be real-time learning as opposed to simply the correspondence approach.

Our recommendations to this committee are:

—That in some fashion, not knowing how you fund task forces, you find a way to encourage the creation of a task force within the province, comprised of the appropriate stakeholders, to begin investigating varying strategies of virtual learning and try to learn from what the other eight provinces have been doing, some of them for many years, so we can benefit students in Ontario.

—Consideration that effective teaching, whether it be on-line in a virtual environment or traditional, be considered equitably.

—That any strategy to be developed should consider that the work performed by a teacher in a virtual environment is the same as that of a traditional teacher.

—That clearly regulations will have to be developed to support what constitutes a school day and what does not. Right now, the register we use is the independent study register—the old correspondence register. We get about a third of the value of a regular credit out of that. It's a money-losing operation.

—We would ask that as you look at solutions, you offer the importance of partnerships. We have formed partnerships within boards. We have a corporate partnership that helps us on the technical end. It's a partnership we pay for, but it's a partnership nonetheless. I would offer that that should be something to consider. There aren't more dollars being created here. We need to find new ways to do business.

—Flexibility in terms of how we use technology should be a part of any recommendation.

—Equity of access has to be a key element of any recommendation that comes from this committee.

—Any strategy developed should place a high priority on funding approaches to virtual learning that support student retention. Let's not throw good money after bad. It should be money that comes back many times over in student success.

—Quality assurance is key, and I hope that would be a recommendation of your committee. I would offer, too, that your committee should consider that there are boards in this province that have been, as I say, robbing from reserves and other places to try to serve the kids, because they know the kids need it. They've put in significant amounts of money, and any recommendations should try to compensate those monies that have been invested already by boards in this province.

—If there is any way you could influence the pre-service and in-service needs of teachers, we would really encourage that any recommendations coming from here encourage the implementation of a service program for both pre-service and in-service teachers.

Thank you for the opportunity to speak today.

The Chair: Thank you for your presentation. We only have a few minutes left, and in this rotation they go to the NDP. Mr Prue, you have three minutes.

Mr Prue: I'm trying to figure out the rationale for e-learning being broken up into regions or districts. Could it be done centrally? If, say, there were someplace in downtown London that operated for the whole of Ontario, could it not be done? I'm just trying to figure out why a district would have to do it. If this were a government program mandated by the Ontario government, why would we have to do it in districts at all?

Mr Empringham: I'll start, and Alison can talk perhaps from a technical point of view. Philosophically it could be, assuming that all the appropriate protocols and checklists were in place. Quality assurance is absolutely essential. If one looks at correspondence education today, it's a disaster.

Mr Prue: I'm not going there.

Mr Empringham: OK. I think the caution we would have about a provincially directed single focus would be: Who is going to determine it, and will it serve the needs of kids, or will it politically expedite getting something off the ground without having the kind of impact on kids' learning that we need to have? That would be our concern.

Mr Prue: I understand the concern, and I understand what has happened in the past. But it would seem to me quite logical that if you had a group of dedicated teachers who knew e-learning, and you had them all together to teach each other and learn from each other and you were able to broadcast through computers all over Ontario, that would be preferable to having one or two in each district who may never be able to develop the expertise.

The reason I'm asking is because this is an exciting new possibility. It's going to have to be funded, and it seems to me quite logical that it be funded centrally, at least at first, until all the kinks are worked out. Would you not agree?

Ms Slack: It could definitely work, but I think that by starting at the provincial level with a central virtual high school you lose all the experience that those of us who have started from scratch, like the Avon Maitland district and Trillium Lakelands in the alliance—you'd be behind and you'd lose the experience we've gained. That could be a direction, but I think you'd have to pull in all the partners to start with and sort of aim that way, but learn from what we've learned.

Mr Prue: OK. Thank you.

Ms Mattingley: If I could just add to that, one of the things that I think we've shown is the power of working together with the alliance. We have 10 boards that are working together, so I think it's a concept that needs to be looked at.

The other part of it is that we're capitalizing on the expertise that is around the province, and that would have to be taken into consideration to make sure we're using the experts who are out there and that when we talk about central, it's not in one location. I think the power of this is that there are no boundaries, that we bring people together. Where you might not have access to a physics teacher in the far north, there may be a physics teacher in southwestern Ontario who could run that course. I think your teachers may be from across Ontario, but there may be a way, once you've wrestled with the legislation and registers that cross boundaries and all those pieces, that it could be very powerful. The more we work together, the better it is and the more effective it will be for our students in Ontario.

The Chair: Thank you for your presentation.

1530

HURON PERTH
COMMUNITY LEGAL CLINIC

The Chair: I would ask the Huron Perth Community Legal Clinic to come forward. Good afternoon. You have 20 minutes for your presentation. You may leave some

time for questions, if you prefer. Would you just identify yourself for the purposes of our Hansard record, and then you may begin.

Mr Michael Cormier: My name is Michael Cormier. I'm the executive director of the Huron Perth Community Legal Clinic.

I have three requests I want to make: The first is that as you look for efficiencies, I'd ask that you look at the tribunals that oversee the poor and many of the relationships with the poor for some of the inefficiencies in there that I think have been built in over the last eight or nine years; the second is a shameless request that you continue and in fact increase the funding for legal aid; and the third is that you not use the poor as a way of getting out of the deficit. I'll start with number one.

Over the last few years, a number of inefficiencies have crept into the tribunals we appear in front of. I think those tribunals have become inefficient for any number of reasons having to do more with ideology rather than with helping the poor. I want to give you two examples; the first has to do with landlord-tenant.

Prior to bringing in the Tenant Protection Act, when the Landlord and Tenant Act was the act that oversaw tenants, all the hearings were held in a courthouse. When the Tenant Protection Act came in, a whole new tribunal was set up, and the tribunal hearings were put into leased premises in different cities. So one of the things that happens regularly at our clinic is we go off to do tenant hearings. We go to a Legion in the local town, and down the street sits a courthouse that's empty or half empty at the time we're doing them. So we, as taxpayers, are paying for both the courthouse and the Legion when we could have kept the hearings in the courthouse.

Furthermore, the hearings are not held in a place that's adequate or appropriate to the type of hearings we have. In the Legion where we have our hearings in Stratford, we are in an open hall. We have asked any number of times for rooms where we can talk to our clients. We're not given them. We act as duty counsel in those hearings, and we appear for the first time as duty counsel; we haven't met those people before. We have to talk to the people about their problems in front of the adjudicator and the other side, which first of all, quite frankly, is a breach of law society rules—please don't turn us in to the law society for doing this.

It also is terribly uncomfortable. We're talking about marginalized people who are already feeling down-trodden, and now, in front of the person who's trying to evict them, they have to tell us their story and take the chance that any advice we give is being overheard by the person they are taking on. It's not an acceptable process, and if we moved it back into the courthouse, we would in fact have a process that would be acceptable and, in the process, probably would also save a certain amount of government money.

The second example I want to give is the Ontario disability support program. This is a program for people on welfare who are permanently disabled. At the moment, like all clinics, we have an enormous load of

ODSP applications. We win some 75% to 80% of the hearings we go to. As a lawyer, this suggests to me that the hearings are unnecessary; that somewhere in the process, the material is not being looked at in the beginning; that the doctors' reports and the other evidence put in are not being looked at carefully enough in the internal processes.

When we go to a hearing, you add to the former doctors' reports new doctors' reports. We're told on a regular basis that our family doctors are overworked. We're now asking them to fill out more forms and write more reports to support something they've already submitted to this government agency. You also will normally add at least one lawyer—usually one of the clinic lawyers, but there are sometimes certificates given for it. So you've added to the cost of giving someone something that ultimately we're relatively certain they're going to get.

Somewhere along this process, we've gone wrong. In about the last eight years, the cost of doing these things has escalated from several hundred thousand dollars for legal disbursements—that is, for the medical reports—to over a million now for those medical reports. Why are we now having to spend so much more money on medical reports to do what we did eight years ago for an awful lot less? We are simply costing the taxpayer an awful lot more money. In truth, there's no particular reason for us to not in the beginning have some sort of a specialist look at these people and have some recommendation for them that goes in without a hearing.

The next thing I want to talk about, my second pitch, is the need for legal aid funding. Legal aid has been underfunded probably since it began in 1967, but certainly there have been several reports since then that have shown that it is underfunded. Both the clinic system and the legal aid system itself cannot provide the level of service they ought to be providing to the number of people they should be providing it to because we do not have the money to do so.

This government has talked about democracy and the need for getting rid of the gap in democracy within our society, and I think one of the biggest gaps is to have the voices of the poor heard. One of the places where the voices of the poor need to be heard is in the justice system. Virtually the only way for people who are poor, marginalized and downtrodden to be heard in the justice system is through legal clinics, which come to places such as this and lobby for them, lobby for law reform and also represent them in hearings of many different types.

Finally, I want to ask that you not get rid of the deficit by hurting the poor again. Over the last eight or 10 years, whatever it has been, the poor have been consistently hurt. Anyone who works in a clinic such as the one I do sees constantly the faces of families who are desperately trying to feed their children, to heat their homes, to make sure that they're not thrown out on the street. It is time to relieve them. I hate to say this, but quite frankly, I can afford an increase far more easily than the people I serve. I would ask that as you look at the deficit and as you look

at trying to solve the economic problems of Ontario you consider that the last place to make any changes that are going to be of harm and are going to cost more is with the poor. Thank you.

The Chair: Thank you for your presentation. We have about four minutes per party. We'll begin with the government caucus.

Mr Wilkinson: Thank you for coming, Michael. It's interesting that your office is right behind my constituency office in Stratford.

Mr Cormier: We could have tea some day.

Mr Wilkinson: That's right. As a bit of background, I had a chance to meet with the people who provide social services in conjunction between the city of Stratford and the province and talk about the arrival of your clinic and the good work that you've been able to do for people who really are voiceless.

But what I want to talk about is this idea about the inefficiencies. We are a government caught on the horns of an exquisite dilemma fiscally, and we are very interested in your presentation because we're looking for these areas where there are these inefficiencies that are built in and perhaps driven by previous ideology. We're not actually getting the core job that we're supposed to do as a government done.

The first thing I want to ask you is whether you'd be able to have your proposal for this committee in a written format prior to the deadline so we have that to consider. I don't know whether you can do that.

Mr Cormier: What's the deadline?

Mr Wilkinson: Katch, the deadline for written submissions?

Clerk of the Committee (Mr Katch Koch): February 13 at 5 pm.

Mr Cormier: Yes, I can do that.

Mr Wilkinson: You can get that to my office, and we'll make sure it gets to the committee.

On a day-to-day basis, all of the members here are swamped with people in the ODSP system. Anecdotally, it seems to me that our system is saying to people at the first round just no, without actually looking at the evidence, almost in a system that if we say no, some of these people—

Mr Cormier: Will go away.

Mr Wilkinson: —will just give up, because they don't have somebody like you with your legal background to help them out, and therefore kind of save the system money by somehow disenfranchising people of benefits to which they are rightfully entitled.

The people with whom you are dealing—and I mean this with all respect—do you find, in your day-to-day work, that the people who come to see you, in your opinion, are qualified, that they really are truly disabled? You always hear these other people who are driven by ideology saying, "Oh no, these people are just trying to take advantage of the system." You're right there at the front line.

1540

Mr Cormier: Let me give you an example of actually a change that causes a problem. It is someone I've seen. I

obviously won't give you the information about who it is. In the previous legislation, if you were 60 years old, you were on welfare and you had a physical disability, you were automatically put into ODSP. That has been changed. I have a client whose first language is not English, in fact who speaks very little English, who has very little education, who is 60 years old, who has a physical disability and for whom I'm going to have to get several doctors' reports in order to get her put on disability. There is no employer in this province who is going to hire her. We all know that.

One of the lawyers I've worked with said to me, "I think if you were to sit down in a room with most of our clients for half an hour, you would without a medical report decide this person should be on disability." You get people walking in who can barely walk, who come in on walkers, who quite frankly are not likely to have a high education. It's very difficult talking to them. Many of them have mental disabilities and end up having a very difficult time communicating with you. You think, "Who on earth is going to employ this person?"

We're asked, in the case of my 60-year-old client—we have to, as I said, get doctors' reports. In the meantime, she's supposed to be out looking for work and doing community service. There isn't even a volunteer service that can use her. There is no place, and that's very unfortunate, in this province where she would be of great use to anyone, even on a volunteer basis.

We're going to get two doctors' reports, we're going to spend a day or part of a day with an adjudicator, and we're going to have a lawyer there—an enormous waste of money.

The Chair: We'll move to the official opposition.

Mr Arnott: Thank you very much, Mr Cormier, for coming in today to offer us your views and your advice as to how the provincial government should respond to these legal aid issues.

You mentioned during the course of your presentation that, since the passage of the Tenant Protection Act, all of these hearings that are conducted to resolve disputes between landlords and tenants take place in community auditoriums. Was it in the act?

Mr Cormier: I said "leased facilities." Some of them are Legions, some of them are auditoriums, some of them are office buildings.

Mr Arnott: Leased facilities; they use a Legion, for example. I represent a lot of small towns, not unlike Huron and Perth, in Waterloo and Wellington counties. Was it a provision of the act that required that these hearings would take place in these kinds of leased premises or is it just a policy change? Do you know why that changed?

Mr Cormier: I presume it was a policy change. The act isn't going to tell you where you have to have your hearing, except of course when you have a civil procedure and it must be in front of a Superior Court.

Mr Arnott: I didn't think it did.

Mr Cormier: But in setting up the act, the government—your government—decided that they weren't going to hold them in courthouses—

Mr Arnott: It's all my fault.

Mr Cormier: —and you have to hold them somewhere, so they went out and leased the facilities. I suspect you have more access as to why that was done than I do. All I can tell you is that it's inefficient and ineffective.

Mr Arnott: I'm trying to glean some information from you, and I appreciate your pointing out that our party was in government for eight years, because I needed to know that.

I would agree with you that it would save a lot of money. If there are existing court facilities that are vacant, it would certainly make sense that those facilities be utilized.

Mr Cormier: When we go in Stratford to the Legion Hall, there are two courthouses down the street, five minutes away, both of which are usually at least half empty—

Mr Wilkinson: And accessible.

Mr Cormier: —and accessible, and they have interview rooms, and I sit in the Legion Hall.

Mr Flaherty: As a former practising lawyer and a former Attorney General, I think I heard my first case in the Polish Alliance Hall in Mimico, Ontario. There has been a long tradition in Ontario, actually, of getting space where you can get it, on the assumption that the courthouse is busy. I agree with you entirely that if the Stratford courthouse is not being used sufficiently, then it ought to be. That is a question of administration as opposed to policy, one would think, unless there's some kind of policy directive that says that these hearings cannot be held in a courthouse. Is there?

Mr Cormier: My understanding is that the previous government wanted to move a number of things out of courthouses; I have no idea why.

Mr Flaherty: I can tell you why. They were trying to reduce the backlog in the criminal courts in Ontario because there was a substantial backlog. That was the reason. But it has to be intelligently applied. That is, in a particular community, be it Stratford or be it Cornwall or wherever, if there's room in the courthouse, then I think you've raised a very important point and it's something the government should address.

Mr Cormier: I should say that on removing the criminal backlog you have to recognize, first of all, that none of those courthouses is dedicated only to criminals.

Secondly, most of the hearings were in fact pre-hearings in the courthouses that were held in what are the equivalent of masters' offices, and being a lawyer you'll understand that. Therefore, I'm not sure anything was saved, and I'm relatively certain that what we did was add to the taxpayers' costs, to no purpose.

Mr Flaherty: The government should fix that.

The Chair: We'll move to the NDP.

Mr Prue: I first of all want to commend you for what you had to say about ODSP. Certainly that has been the experience in my office, even before the office that I inherited from my predecessor. I don't think I've ever lost a case where we represented someone for ODSP the

second time around. Quite frankly, in my view, it is simply to discourage the great majority of them from coming forward to a legal clinic or their MPP, or whoever, and just hope they go away. But once they show up, that's the reality. I do agree it is a total waste of the system, and for all of those people who don't have the wherewithal to come to an MPP or to a lawyer, I think that what has happened to them is a real crying shame. So I'm in total agreement.

Having said that, the second thing I'd like to get into a little bit is the Tenant Protection Act. I don't know how big a problem this is in smaller-town Ontario, but certainly in Toronto over the course of the last number of years since it came into effect we see a great many summary dismissals—hundreds, thousands of cases being dismissed. We see the evidence of people being evicted from their apartments rising exponentially, sometimes over as little as being \$50 short in any given month. We see almost all of the decisions weighted against the poor and the tenants. Can you tell me about your experience in small-town Ontario? I only know the Toronto one; I have to be blunt with you.

Mr Cormier: I can tell you about experience both in small-town and big-town Ontario. I was at the University of Western Ontario before I went to take over the Stratford clinic and so was here when they started the Tenant Protection Act hearings in London. Because it's the finance committee, I talk about finance rather than procedure, but let me tell you that I was appalled at the level of misunderstanding and ideological problems that we saw with the tribunal chairs that were picked.

Let me give you two quick examples. One was a chair in London who started a hearing by thanking the landlord's paralegal for the gift she had received.

Interjection.

Mr Cormier: We hoped so too. It didn't make the tenant feel all that comfortable.

Not long after that, the same tribunal person refused to allow one of the students that I was overseeing to do a closing argument. We had to appeal in order to be allowed to do a closing argument in a case. This was more than a little disturbing.

When you talk about small towns, recently one of the adjudicators who comes regularly, unfortunately, to our area told a lawyer that a matter was being adjourned to a particular date which was problematic for the tenant lawyer. When the tenant lawyer said, "Look, that's simply not going to work for us," she said, "Well, that's the date the landlord wants, so we'll do it on the date the landlord wants."

That same adjudicator, who unfortunately still sits regularly, in another case that I know of, decided that maybe the landlord's representative wasn't working hard enough and decided to raise several new issues to help the landlord, one of which the landlord disagreed with. But she went on and made a finding for the landlord on it anyway.

I think the level of people who have been hired to these tribunals is just abysmal. It's incredible that it has been allowed to go on.

Mr Prue: I trust that these are all appointments for only a certain given time and they can be replaced with dispatch.

Mr Cormier: I pray to God.

Mr Prue: I hope you heard that, guys.

The Chair: Thank you for your presentation.

1550

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair: I would call the Ontario Public Service Employees Union. Good afternoon. You have 20 minutes for your presentation. You may leave some time for questions if you prefer. Please identify yourselves for Hansard.

Ms Leah Casselman: My name is Leah Casselman. I am president of the Ontario Public Service Employees' Union. With me is Ron Elliot, who is a regional vice-president here in southwestern Ontario.

OPSEU represents 100,000 Ontario workers in 525 bargaining units. Almost all of those units are at least partly funded by the province. We are very interested in the next Ontario budget.

In the Ontario public service, we represent direct government employees who perform hundreds of different jobs on behalf of Ontarians.

Our members are water inspectors and meat inspectors. We are correctional officers and court clerks. We are psychiatric nurses and tax auditors. We process birth certificates and issue OHIP cards. We regulate day care centres. We write the curriculum for our schools. The complex machinery of government depends on the work of OPSEU members.

The majority of OPSEU members work outside the public service, however.

We are a leading union in health care, representing home care professionals, ambulance paramedics, long-term-care workers, hospital support staff and hospital professionals. We are Ontario's leading union for mental health care workers. We are Canada's leading union for hospital professionals like laboratory technologists, respiratory therapists and so on.

In education, we are the union for faculty and support staff in our community colleges. Our members also work in universities and school boards.

In social services, we represent staff at children's aid societies, children's mental health centres, young offender facilities and homes for people with developmental disabilities.

Our members also provide services to municipalities, including property assessment for the Municipal Property Assessment Corp.

This is only a brief sketch, but when it comes to public services in Ontario, OPSEU covers the waterfront. No organization that will come before you at these hearings has the breadth of experience that we do. So you should believe us when we say that Ontario's public services are in crisis.

OPSEU members have to deal with this crisis every day. If any of you have seen the new show *This Is Wonderland* on CBC—public television—you may get an idea of the daily chaos in our criminal courts, especially in our big cities. It is a picture of a system on the verge of total breakdown. It's no wonder that the backlog in our courts now adds up to 99,000 cases, according to our Provincial Auditor. Judges may end up dismissing tens of thousands of criminal cases because the accused are not getting the speedy access to justice that they deserve. I'm warning you now that if this happens, the people of Ontario will be outraged as you've never seen before. They won't be interested in excuses, so we must fix this problem.

The daily disaster in our public services is in no way limited to the courts, however. How many times have you heard people say, "This sounds like another Walkerton"? How many times have you heard people wonder, "Are there other Aylmers out there, waiting to happen"? The sad answer is that public service tragedies are happening every day.

In long-term-care facilities, thanks to the previous government, we have no minimum standard of care. This allows private operators to make sure staff are run off their feet every minute they're at work. This is not a recipe for quality care for our seniors.

In our colleges, where faculty have already been cut by 20%, the employer is demanding that faculty members give up all limits on workload for preparation time, evaluation time and one-on-one contact with students outside of class. Higher workloads mean poorer education; it's as simple as that.

In children's aid, social workers spend three quarters of their time filling out forms instead of helping families and children in trouble. The last government doubled the funding for children's aid but tripled the workload. To keep our children safe, children's aid workers need to be face to face with clients, not filling out forms.

In home care, competitive bidding guarantees that care for our aging, sick or disabled family member will be provided by the lowest bidder. Non-profit organizations with long histories of providing quality care, like the Victorian Order of Nurses, are being driven out of home care by this cutthroat competition.

Ambulance dispatch is another example. The wages of communications officers are so low that positions remain vacant for months on end. Low wages mean high turnover rates, which means most dispatchers are basically still in training. Ontarians are dying because the last government wouldn't address this crisis.

In group homes for people with developmental disabilities, our members are routinely getting beaten up because provincially funded agencies refuse to fund safe staffing levels. Many of our public services are long past the point of meltdown. Try to imagine what this means for the people who are actually trying to provide these services. Would any of you like to work at the Don Jail? No takers?

These days, when our public services function at all, they function because front-line workers are going flat out. But there's a limit to how much you can ask people to stretch themselves. Superman and Superwoman can only carry so much.

Aside from on-the-job stresses, public employees have faced added stresses in their daily lives for over 10 years. After inflation, wages in the public service are 10 per cent lower today than they were 10 years ago. The situation is, if anything, worse in the broader public sector.

When people embark on a career, they want to move ahead. They want recognition for doing a tough job and they want respect.

Public employees got no respect from the previous government. There isn't a single worker in the Ministry of the Environment who can forget what Tory MPP Bill Murdoch said after the Walkerton disaster. He said that the problem with his government's cuts at the MOE was that they laid off the wrong people.

This kind of insult was routine under the Tory government. It's not good for morale, and low morale is not good for public services.

Ontario desperately needs to rebuild public services. We desperately need to improve conditions for public sector workers. The two go hand in hand. When we hire enough staff, we reduce stress levels for public employees, and that makes their lives better. When wages match the skill levels that jobs demand, people are attracted to those jobs and want to stay in them. Their experience makes public services better.

OPSEU does not support any move to cut funding for any public service in Ontario. Recently, your finance minister, Mr Sorbara, said there were no sacred cows in his government's quest for cost savings. We believe the government has many options for raising revenue. But on the expense side of the ledger—the public service side—I have to tell you that every sacred cow that could be slaughtered is already hanging upside down from a hook.

When it comes to particular public services, if the Tories didn't cut it, it couldn't be cut. The last government's zeal for cutting, privatizing, and downloading public services was unmatched in Ontario history. The Tories sold the furniture; they sold the groceries in the cupboards; they sold the light fixtures; they stripped the place bare.

So it is very upsetting to OPSEU members, who voted for Liberals in large numbers, to hear a Liberal government come in and start—

Interjections.

Ms Casselman: Did you want to fly back and forth for a second? I'll take a sip of water if you do.

Mr Flaherty: Who wrote that drivel?

Ms Casselman: I thought it came out of your office—oh no, sorry. It didn't come out of your office? I thought you were trying to change your spots. Oh, sorry, you can't.

So I hear the Liberal government come in and start talking about selling the furnace. It's simply not possible. There is nothing left to cut. Listen closely, Mr Flaherty.

We are willing to accept Mr Sorbara's rough estimate that Ontario has a "structural deficit" of \$4.5 billion a year. Because of the Tory tax cuts, this year's budget has about \$13.3 billion less in revenues than it would have had without the cuts. The chickens certainly have come home to roost.

But after over two years of NDP cuts and over eight years of Tory cuts Ontario does not have a spending problem; we have a revenue problem.

We can solve this problem. Our economy is fundamentally strong. Interest rates are low. Inflation is low. The dollar is higher than it was, which may hurt exports, but on the other hand, the US economy is now cranking up rapidly, which will help exports.

There is no reason Ontario has to suffer another Walkerton. We can easily house the homeless. We can afford to put provincial money into public transit. We can afford to live in a safe, healthy, orderly, well-governed modern society. But we cannot do it if we don't rebalance our revenues to match our needs.

There are three ways we can do this.

The first way is through better management of public services. Every Provincial Auditor's report since the Tories got elected has attacked their managerial incompetence.

1600

There are several things we can do to undo some of this damage:

(1) Collect all corporate taxes. Half of Ontario businesses have not filed tax returns, according to our auditor. This is not acceptable, and we need to find out what they owe and have them pay.

(2) Hire more tax auditors. You couldn't find a better investment. If new auditors find only an extra 1% in revenue, that's \$500 million right there.

(3) Get rid of the consultants in the OPS. In 2002, the Tories spent \$662 million on consultants in the public service, a jump of \$400 million compared to a few years before. Many consultants are doing the same work that in-house public employees do, but at two, three, or even six times the hourly rate. It's time that we stop buying champagne and caviar for high-flying vultures.

(4) Improve management and accountability at transfer payment agencies. Time and time again, the auditor has said that the government simply doesn't know whether or not money being spent by transfer payment agencies is being well spent. Our experience backs this up. Last year, for example, we learned that one young offender facility had received several million dollars to provide a service even though it did not provide any service at all during an 11-month lockout of its staff. We still don't know what happened to that money.

(5) Fix the Family Responsibility Office. If you hire enough staff at the FRO to get caseloads there under control, you will save tens and even hundreds of millions of dollars in welfare costs. We say, make the deadbeats pay.

(6) Abolish the Ontario Innovation Trust. As the auditor pointed out, we don't know anything about the

Ontario Innovation Trust except that it has \$500 million of our money. Its real purpose was as a slush fund for Jim Flaherty's Tory leadership campaign, and we don't support that use for tax dollars.

Interjections.

The Chair: Order.

Ms Casselman: The second major way to rebalance Ontario's revenues is by closing tax loopholes. Economist Hugh Mackenzie, with the Ontario alternative budget project, has identified over 50 corporate tax loopholes. Close the loopholes and you could boost government revenues by over a billion dollars. I encourage you to consult Mr Mackenzie on this.

A big part of Ontario's economic success is our health care system. We've all heard about how every car built in the United States costs hundreds of dollars more because US employers have to pay directly for employee health insurance. The employer health tax is a very small price for Ontario employers to pay for this huge competitive advantage. We favour the elimination of all exemptions from the employer health tax, and this would raise an extra \$1.1 billion.

The third major way to rebalance government revenues is to restore taxes to a level that will allow us to rebuild public services. I say this because (a) it's obvious, and (b) most people seem to be scared to say it.

I'm not scared to say it. If we have to restore tax levels to rebuild our public services, then we should do it. The crisis that we face in Ontario is not a financial crisis; it is a public service crisis. It is absolutely idiotic to deepen the public service crisis when the problem lies on the revenue side.

So, how much do taxes have to come up? That depends. If the government implements all the suggestions here, it could take as little as \$1.4 billion to balance the books—\$1.4 billion is a tiny 2% increase in personal and corporate taxes. How much would it cost most taxpayers? Not much. Half of Ontario taxpayers would pay less than \$60 more a year. Half would pay more than \$60. The average taxpayer would pay an extra \$130 a year, even less than the 200 bucks we got back, right? Hey, not a bad bargain.

Really, no one would notice it. Not many people would notice twice that amount, or even five times that amount. Remember that the Tories cut taxes by 30% in their first term and 20% in their second. Many Ontarians didn't even notice these tax cuts. If they didn't notice these cuts, they certainly won't notice an increase that is much, much smaller.

Restoring taxes will not really be a problem for Ontarians. Whatever they invest, they will get back in the form of improved public services. However, we recognize that restoring taxes may create a political problem for Liberals.

To the Liberals, I say, give Ontario voters some credit. They were very clear on that when they were voting on October 2. They had three choices: The Tories would cut taxes and cut public services; the NDP would increase taxes and improve public services; and the Liberals

would improve public services by some means that wasn't exactly clear. Forty-six per cent chose the Liberal option.

You shouldn't think that Ontarians voted Liberal because they thought they could have their cake and eat it too. They voted Liberal because they wanted someone at Queen's Park who would fix our schools, improve our health care, and prevent the next Walkerton.

Now that you've got control of the province's books, you can see what the situation really is. You don't have to base your plans on fictitious Tory numbers. Tell Ontarians the real story. Go to them with a proposal of a reasonable tax increase. Tell them what they will get in return. If you do that, you will have their support.

The Chair: Thank you for your presentation. We have about two minutes per party and we'll begin with the official opposition. Mr Flaherty.

Mr Flaherty: I've taken note of your libellous remark.

On the issue of ways of balancing budgets, you'll recall the famous remark by President Kennedy, "Ask not what your country can do for you; ask what you can do for your country."

You've got 100,000 people whom you're representing. The government of Ontario says here in their document from December, "So we are asking our partners in health care, in education and in the rest of the broader public sector to temper their request for more." That is the strategy of restraint described by the Liberal Minister of Finance, Mr Sorbara. Do you agree with the government?

Ms Casselman: I believe that if you're going to maintain certain systems in this province which the public felt were critical, you're going to have to pay people a wage that would attract and retain them in the jobs that are necessary. You're not going to be able to attract and retain laboratory technologists or nuclear medicine techs or respiratory techs, because they're all going off to the States or elsewhere, or to different provinces, because you're not paying them the proper wage.

Mr Flaherty: That's right. That's what I expected you to say. You are going to continue to demand everything you can get for your 100,000 people. You're not prepared, like with the rest of the people of Ontario, to participate in the effort over the years to balance the budget. What are you going to do when there's another social contract? What are you going to tell your members in Ontario when that happens?

Mr Ron Elliot: We are part of the process. We're here, contrary to your belief, with a very well written document with progressive ideas in it.

Mr Flaherty: Where's the restraint?

Mr Elliot: We're here. We're trying to be part of the process. The last eight years you locked out 100,000 people who couldn't talk to cabinet ministers, who couldn't talk to the government. We plan on having discussions with the government.

The Chair: The NDP. Mr Prue.

Mr Prue: Contrary to one of the comments I heard from down here, I don't think that Howard Hampton

wrote this, but I commend you on it. It's pretty good all the same.

Since I only have two minutes and since I agree with most of it, I'd just like to get to the part about getting rid of the consultants in the OPS. You have the figure here of \$662 million on consultants in the public service. I know that Dalton McGuinty and the Liberals ran—one of their 230 promises was to get rid of the expensive consultants. Would you put a limit in terms of dollars, what this government could or should be spending on consultants within the public service? Should it be nothing? Should it be limited to \$100 million? What should it be limited to?

Ms Casselman: I think the number should be far less than it is today. Clearly, there are going to be some situations where you're going to have to bring in some expertise which is not available in the public service. Those situations would be minimal.

What we're seeing now, particularly in the technology area with all the contracting out and the fee-for-service, is you're losing the knowledge in the public service. So not only do you pay two or three or five times what you should be paying if it was a public sector worker at that computer, you're actually losing that institutional knowledge that the public service can no longer rely on. So if they develop a program and it breaks down, you now have to go out and hire them back to fix the problem because you don't have that institutional knowledge inside. So there's actually a double impact here.

The use of consultants should be extremely limited and, quite frankly, I don't think ministries should have direct control over going and getting their own consultants. They should have to go to cabinet to get approval for those.

The Chair: We'll move to the government.

Mr Wilkinson: Ms Casselman, thank you for coming today. We appreciate that. I think we are doing something that hasn't been done in a long, long time. We appreciate that you understand that we're on the horns of an exquisite dilemma. But we've been elected to deal with it and we are trying to consult.

1610

I just want to ask about the consultation—obviously we have this channel and other channels, but the consultation that we've started within the OPS. I think it was back on December 18 when the Premier kicked that off. We are hearing anecdotally that we're getting excellent suggestions from within the OPS, who feel that they have not been asked for perhaps a decade for input into how government is run. They have the greatest of professional vested interest in making sure it's run efficiently, because they see what happens with inefficiency. I'd just like your comment as to whether or not you think that's a valuable exercise. Are we going down the right path? Do we have enough time to make sure we get that input back from your members?

Ms Casselman: Let me start off by saying, with respect, you should move back from those horns and get into the saddle and just start steering the thing.

Mr Wilkinson: Well, there's a budget in April. It will be there.

Ms Casselman: I know. You can't be riding those horns. You've got to get into the saddle and get hold of those reins and move the issue forward.

Mr Wilkinson: That's how we do it in a democracy. We have a budget.

Ms Casselman: It might be a little more comfortable for you too.

Mr Wilkinson: We'll get over it.

Ms Casselman: That consultation process is interesting. I guess my concern would be that we have a number of issues where we've been dealing, or trying to deal, with Management Board in particular, that we think would save the government a lot of money, trying to get some of those issues dealt with from the Management Board perspective and seeing what kind of control they will gain over the ministries. The ministries have had pretty much carte blanche to do whatever they want under the guise of, "Cut as fast and as deep as you can, and make sure you don't hire staff." That's why the consultant level went up, because they were reported on a different budget line.

Mr Wilkinson: Enron accounting.

Ms Casselman: I would hope those consultations aren't directed in a way that folks would see it as an opportunity to not look at the big picture of where public service is going, that we get into the minutiae and don't look at what's happening to the quality of public services. My example to most of the ministers I've spoken to is that the Tories took out every nut and bolt of the public service, which is this big truck rolling down the highway. I guess first what we saw were the tires flying off, but then we saw Walkerton and then we saw Aylmer. It takes a long time for those wheels to fall off, but when they start, it's going to fall apart. Our offer to the new government is, we can tell you which ones need to be put back in first so that you aren't faced and, quite frankly, the citizens aren't faced with that kind of disaster again.

Mr Wilkinson: We're consulting because we fear those unintended consequences.

The Chair: Thank you for your presentation. We appreciate it very much.

Mr O'Toole: On a point of order, Mr Chair: I'd like to bring up and ask Mr Colle if he is going to respect the input from this deputation, the last page, on the 2% tax increase. Is this part of what you're going to submit in your final report, a tax increase of 2%?

The Chair: That's not a point of order, Mr O'Toole.

Mr Colle: On a point of order, Mr Chair: I move adjournment of the session.

Mr Flaherty: Point of order—

Mr Crozier: The motion to adjourn has been moved.

The Chair: Is there any debate?

Mr O'Toole: Point of order, Mr Chair—

The Chair: The motion to adjourn is on the floor. The motion to adjourn is debatable. Is there any debate?

Mr O'Toole: Yes, I do have a debate, and I would defer that to Mr Flaherty at the moment.

Mr Flaherty: We have some proposals we'd like to put forward in the spirit of the consultation. This is a pre-budget consultation—

The Chair: There is a motion to adjourn, Mr Flaherty.

Mr Flaherty: I'm going to speak to it. I think it should not happen until we have a motion—

Mr Prue: It's not debatable.

Mr Flaherty: Yes, it is debatable.

Mr Prue: A motion to adjourn?

Mr Flaherty: Actually, I'm going to talk for quite a while about it, Mr Chair. I hope we're going to spend a good deal of time here talking about democracy and talking about the government and talking about their refusal to entertain an opportunity by members on this side, the members of the official opposition, Her Majesty's loyal opposition in Ontario, who wish to put forward some suggestions arising out of the evidence that we've heard today and the deputations that have been made today.

Now, if the intention of this motion brought by the Liberals is to shut off debate and to prohibit the opportunity of Her Majesty's loyal opposition in Ontario, having heard these people who came here today well-intentioned, then we'll have a long debate, I guess. We'll have to have a long debate on this motion seeking to adjourn, regrettably, because I had thought Bruce Crozier, who is here and who apparently is in favour of going home early today without having any response to the people who have been here, would want to have all the input that's possible, that Mr Crozier would want to have all of the information from the opposition available to him for his consideration in preparation of the report. So I'm surprised that he would set that example for new members of the Legislative Assembly or on the government side. It's really quite amazing that, as an experienced member of the Legislature, that's the kind of position he would take.

The Chair: Order. We want to check the standing orders on the motion to adjourn.

Mr O'Toole: Chair, while that is being done, there were really three excellent delegations here today, and in a very positive sense we had every intention to bring forward, really, requests for information, nothing more, with respect to the Victorian Order of Nurses presentation, as well as Cheshire Homes, who had an extremely interesting presentation on how to deal with the acute care costs in hospitals and the home care support in the community. These were extremely valuable—

Mr Crozier: They require motions.

Mr O'Toole: That's what I'm saying, and this is what you're really blocking.

The other one was the—

The Chair: Could you speak to the motion to adjourn, please.

Mr O'Toole: I am. The reason we're reluctant to adjourn, with due respect to Mr Colle and others, is that the deputations today seemed to get lost. There seems to be no structure here to bring some consensus after a day of work, of listening to the people of Ontario. I think if

you want to just move to adjourn, it does a complete disservice to the people who have taken the time, in inclement weather, to come to London to make what I feel are responsible observations.

I just want some sort of response from Mr Colle. You're the parliamentary assistant to the Minister of Finance. What can I feel comfortable in that the three—not to mention the e-learning. I think there was an extremely valuable observation made by the e-learning consortium. Technically—

The Chair: We're going to recess for 10 minutes.

The committee recessed from 1615 to 1628.

The Chair: The committee will come back to order. The motion to adjourn is not debatable. All those in favour?

Mr O'Toole: Point of order, please.

Mr Colle: We're in the middle of a vote.

The Chair: Carried. The motion is carried.

This meeting is adjourned.

The committee adjourned at 1628.

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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Thursday 29 January 2004

Journal des débats (Hansard)

Jeudi 29 janvier 2004

Standing committee on finance and economic affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Chair: Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 29 January 2004

Jeudi 29 janvier 2004

The committee met at 0900 in the Hilton, Windsor.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will come to order. The committee is pleased to be here in Windsor this morning.

I remind persons that they must shut off their electronic devices in this room.

Mr John O'Toole (Durham): On a point of order, Mr Chair: With the indulgence of the members of the committee, I would like to start by saying it's been a very collegial arrangement travelling together and working together for the people of Ontario.

But yesterday and the day before, we tried to introduce resolutions, and with the indulgence of the people in the room—it's not my intention to delay the proceedings in any way—we have heard some very considered input from people in Niagara Falls, as well as London yesterday, and we tried to summarize observations on an ongoing basis by way of motions. On Tuesday, I guess it was, we tried in Niagara Falls, with some success, to have some debate.

Yesterday, there was a motion to adjourn, which pre-empted any opportunity to debate the motions. In fact, those motions were never received, and I was somewhat disappointed, because I think it's important to, at the time and place, put on the record some observations.

What I'm suggesting here is if we could take time some time during the day—and I'm at your discretion, Chair—to move a motion. We had three or four different motions. I could be clear on that. I'm asking for unanimous consent that we amend the current subcommittee report to allow time for the moving of motions during the procedures, which are from 9 till 4 each day.

I'm quite prepared to do it either first or last, but I would like to have an opportunity without having procedural motions that pre-empt any debate, therefore, in some respect, not reflecting the time and effort that people—with bad weather and all other conditions that challenge them to make their presentations to the table. I'm seeking unanimous consent to allow us to bring forward motions during the business of the day.

The Chair: Do we have unanimous consent?

Mr Mike Colle (Eglinton-Lawrence): No.

The Chair: We do not have unanimous consent.

HARROW HIGH SCHOOL
COMMUNITY GROUP

The Chair: I would ask the Harrow High School Community Group to come forward.

Good morning. You have 20 minutes for your presentation. You may allow some time within those 20 minutes for questions if you so desire, and I would ask you to identify yourselves for the recording, Hansard.

Mr Greg Yantzi: Thank you very much, ladies and gentlemen of the committee. My name is Greg Yantzi and I'm co-chair, along with Barry Mannell, of the Harrow High School Community Group.

Just to give you some background, the town of Harrow is located about a half-hour south of Windsor, just off the north shore of Lake Erie. It is a town of about 3,000 population. The surrounding area has an additional 6,000 people. So that gives you kind of a background to what our community is like.

In June 2003, the Greater Essex County District School Board accommodation planning report targeted Harrow District High School for possible closure. You have a copy of our presentation in front of you, which is a portion of the final report that our committee made to the board of education. In response to this report, a community study group was created in accordance with board policy to provide input into the board process. We formulated a response to that accommodation study report. While the work of the community study group is officially complete, some of its members have chosen to continue to work together to push the case for the survival of Harrow high school. Our report to you today is on behalf of that group of dedicated citizens of Harrow, a wonderful group of people who have worked very hard since last September making their case to the board.

The accommodation report commented extensively on the viability of education at Harrow high. However, in the end, the issue boiled down to one item: money. While schools across the spectrum have suffered as a result of this model, the research clearly shows that the current funding model has adversely affected small schools in Ontario to a greater degree than larger schools. Smaller schools have been more likely to have lost resources and more likely to have been closed outright. In many cases, the schools closed were the only schools in the community.

Research conducted examining the socio-economic impact of the closing of a school on a community is clear: the closing has a long-term, negative impact. On virtually every indicator of social and economic well-being, larger rural communities that have schools ranked higher than communities without schools.

There are numerous authors who have made the argument that schools in rural communities are central to the social and political life of the community. In addition, a community's sense of identity is often connected to these public institutions such as schools. Identity is essential to community health.

If consolidation is presented as cost-cutting to accommodate the current funding formula, it is incumbent for our school board trustees to consider the other side of the equation. Schools in small communities have a standing that goes beyond education. Consideration of the long-term social and economic effects of school consolidation on communities is imperative.

A study of a rural, agricultural town in Leonard, North Dakota that lost a high school through consolidation found a 6% decline in retail sales. A 6% loss in retail sales would have a devastating effect on the merchants in a small town such as Harrow.

As might be expected, retail businesses in Harrow are especially concerned with the potential closure of Harrow high school. A survey submitted this past fall to 30 downtown merchants resulted in a participation rate of over 95%. The survey revealed deep concerns by almost all of those merchants about the negative effects on their business in the long term if the high school were to close, mainly due to the reduction in population growth that would be expected. Concern was also addressed due to the anticipated decrease in traffic to the town that the high school creates, not only by the students but by parents, teachers and staff. There is also the loss of the direct economic impact of the students themselves. Based on this survey, we estimate that there would be a loss of \$100,000 annually to the Harrow merchants.

Schools also maintain residential and commercial property values. A study on the economic impact of the presence of a school on real estate values in communities in New York, for example, showed appreciably higher real estate values in communities with a school when compared to similar communities without a school. The average real estate value in communities with a school was 6% higher than the average real estate value in communities without a school.

A decrease in real estate values of 6% means a total reduction in real estate value of \$30.5 million for the residents of Harrow and Colchester South. This translates into a loss of equity of \$3,219 for every resident.

A decrease in assessment of this magnitude would mean a reduction in property tax revenues for the town of Essex of \$218,000 on an annual basis. It would also mean a reduction in revenue to the county of Essex of \$118,000 and a decrease in education tax revenues of \$102,000 for the province of Ontario. This makes a total reduction in revenues of \$438,000, which would then

have to be made up somewhere by taxpayers in the municipality and the province each and every year.

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At present there is a developer in Harrow who is interested in putting up a 40-home subdivision but is delaying that development until he finds out more about what's going on with the high school. A loss of 40 homes at an average of \$180,000, for a total loss to the municipality of \$7.2 million.

Total net loss of property tax revenue to the municipality is an estimated \$98,000 annually. There is also a loss of jobs, the number of which is unforeseen at this point, based on the development and also what is created by that development.

Another local merchant has put on hold a \$1-million expansion of his business as a result of the threat to our high school.

The closing of Harrow high has the potential to reduce annual property tax revenue by \$266,000 for the town of Essex, \$145,000 for the county of Essex, and \$125,000 for the province of Ontario, for an annual property tax revenue reduction loss of \$536,000. This reduction in revenue would also result in higher tax rates in order to recapture this lost revenue.

Schools such as Harrow anchor and unify communities by bringing residents of all ages and backgrounds together for a variety of activities and services. The high school, in particular, plays a far more complex role in its community than do other schools. Institutions such as high schools serve a much broader constituency within a community, more so than other organizations such as churches or service clubs, and as such are an integral part of the community infrastructure and economy. Schools are responsible for a sense of community and collective identity. Schools educate generations of friends, family, and neighbours, providing a shared experience and sense of community from one generation to the next.

For the past 100 years, Harrow high school has been that community, a place where generations come together and where that identity is forged. The closure of Harrow high school would detrimentally affect the social, civic, and economic health of Harrow for generations to come.

Mr Barry Mannell: The accommodation study report made many references to the existing funding formula for the education system, specifically, how the funding formula in the secondary panel relates to supporting a principal, which requires 909 students in a school, and a vice principal, which requires 667 students. In the section of the accommodation planning report entitled Regarding the Viability of Programs, reference is made to the support required for a librarian, also 909 students, as well as a guidance counsellor, 385 students. The report indicates that Harrow, as a small school, does not have enough students to generate funding for a principal or a librarian. But the fact is that a full 43% of the high schools in Ontario do not have enough students to generate funding for a full-time principal or a full-time teacher-librarian using the existing funding model.

Harrow high is a small school; it always has been. As such, it suffers under the funding formula. The board indicates that Harrow high operates at a loss of \$260,000 per year, and that it would save \$586,000 by closing the school. However, this saving is predicated on the assumption that all students would stay within the public school system. This would not happen. Surveys have shown that up to 40% of the students would switch systems if Harrow high school were to close. If only 100 students leave the system, the savings to the school board decreases to \$440,000. This figure represents less than one fifth of 1% of the school board's total budget.

The current funding formula treats students as if they were widgets being produced in a factory. It is to a school board's advantage to have schools as large as possible to reap the benefits of the formula, without any regard to how this affects the students' education. Current research indicates that the ideal size for a secondary school is 400 to 800 students. Yet the existing formula provides funding for a principal and librarian only after a school achieves an enrolment of 909 students.

We recommend that the funding model be amended to reflect the fact that students are educated in schools, not factories. The funding should reflect not only the number of students a school board has but also the number of schools within a board system. One local school board system receives funding for 61 principals based on the number of students they have and yet they have only 50 schools. Why should a school board receive funding for principals they don't have? That money should be redirected to other areas of the system where it is vitally needed.

The current funding formula allows for the local separate school board to close a school and then receive additional funds to replace it with a new building. Why would a school board choose to keep an older school open and renovate it for \$1.5 million, using monies that must come from their existing funding, when they can close the school and get new additional grants to build a new school for \$4 million? This is allowed as long as they are operating at over 100% of their capacity. If a school board is under 100% capacity, then this possibility doesn't exist. School building renewal should be based on the condition of the building, not whether a school board is over capacity.

It is clear that the closing of a school would have long-lasting social and economic impacts on a community. However, under existing government guidelines, a school board is under no obligation to consider these negative impacts as part of the decision process in closing a school.

Some politicians have been known to say that there is only one taxpayer. Yet when government bodies make policy decisions, they seem to consider only the impact on themselves and not the impact on any other body. The school board has estimated that they would save some \$586,000 annually by closing our school. Our report indicates that closing Harrow District High School would mean an annual property tax revenue loss of \$536,000.

The net savings to the one taxpayer is a mere \$50,000 a year, the equivalent to the total funding of 10 students. If, as anticipated, the school board loses students, the loss of 100 students would decrease the savings to the school to \$440,000, which means that the savings of \$50,000 is now a net loss of \$96,000 to the one taxpayer.

When a school board is considering a school for closure, there must be a process which measures and takes into account not only the social and economic impact on a community but also the resulting loss of tax revenue to all government levels, so that while the school board may seem to benefit, that benefit is not wiped out by the cost to the local municipality and other levels of government.

The state of New York has passed legislation which stipulates that a decision by a board of education to close a school in one community and consolidate enrolment in another community must undergo a state environmental quality review. While the board of education may feel that they have good reasons for consolidation, this process ensures that a town that loses its school, as well as its residents, is compensated for its losses.

There must be a change in the process by which schools are considered for closure, especially in communities where that is the only school there. In the case of schools closed for consolidation, there must be a mandated process which takes into account the social and economic impact on the community, including the loss of future tax revenues. In the case of schools being closed and then rebuilt, this should be done only after an audit of the physical condition of the school by the Ministry of Education.

The current government has repeatedly said that fundamental changes must be made in order to deal with what they have termed a systemic deficit. Our local school board continues to struggle with the empty spaces in their secondary school system which were created by the full funding of the separate school system and the subsequent drain of students to that separate system. It is small communities like Harrow that have suffered the loss or the continued threat of the loss of their high school due to full funding. The pot of money is only so big. It is apparent to us that the government cannot continue to fully support two school systems within our province. Our community should not have to suffer the loss of our high school while the province is struggling to support two school systems when only one is needed.

You will note that at the end of the report we've summarized some of the financial figures we have mentioned in our report. We would like to thank you for the opportunity to be here this morning, and we'd be happy to entertain any questions you may have.

The Chair: Thank you. We have about two minutes per party. We begin with the official opposition.

0920

Mr O'Toole: Thank you very much for your presentation this morning. I commend you; you've done a pretty thorough economic analysis and spent some considerable time. I should say that I had been a school

trustee for a couple of terms back in the 1980s. Basically, on an average basis from the 1980s on, all governments of all stripes have closed schools in Ontario. That's not new. I hope you appreciate that.

I should say that in my riding of Durham there are a number of small rural schools similar to yours. The complaints I receive basically are that they don't have enough students to offer a full range of courses. When you have a low population of students, you're unable to offer some of the more advanced courses. That's really a disadvantage for the students.

Not denying the argument that you're presenting for the economic value to the community at large, I have one particular school, Cartwright High School, which is the smallest high school in Ontario. They have some very creative ways of providing both the students and the staff with a good solid learning environment while maintaining the school in the community. They have to be quite different. The board has to be quite flexible, and the teachers' union has to be quite flexible too, with the number of courses etc that they offer.

But you understand the fixed cost. There is some number, whether it's 300 or 200 or 100, some cost for the unit cost of the fixed cost—that is, the custodians and capital etc. There is some point where there is a decision to be made. I'm sure in your own analysis you would know that. You can't have one student in the school, or two or 20 or 40. So there's some number where there should be some cut-off.

I'm going to concentrate my question on having one system, which I felt was quite direct, and it might be quite controversial here. You're advocating one school system, really, as a solution. I can tell you, as this committee travels—and I've travelled with it for several years—that in northern Ontario you would be impressed with what they do. They have four systems running in one school: public, separate, French and English panels running in one school. My question is, do you favour, whether it's the Harrow school or whatever, having all the systems—the French and the English, the public and separate—in one school? Then you'd have enough students. Would that be the solution?

Mr Mannell: The problem that exists in Harrow is that it's a small school. We're running at 83% capacity. The problem is not in Harrow, it's in surrounding schools that have empty spaces. Those students have been drawn out of the existing system into brand new buildings that have been built.

The system that existed prior to the mid-1980s was a perfect size for the number of secondary school students we had; we might have had to build a few schools here and there. But the issue for small communities like Harrow is—just to go back to your comments for a minute, we didn't talk about the education at Harrow District High School today, because this isn't the education committee. If you'd like a copy of our report, in which we examine the education the students get at Harrow high, we'd be happy to provide you with that. There is no problem with the education that the students get at Harrow high, the problem is with the funding. You're

right: There may be a magic number. But how do you balance that against the economic impact? Any number you pick would still have that economic loss if you were to close a school in a community such as Harrow. Is putting more than one system into one building possible? Maybe. But I think, for our case, we just need students back into the public system to fill up the empty spaces that exist.

The Chair: We'll move to the NDP.

Mr Michael Prue (Beaches-East York): I'm particularly intrigued by just how you closed this off. Are you asking this newly elected Liberal government to save money in the budget by doing away with the separate school system? This is right down to it. Is that what you are asking this committee?

Mr Mannell: Yes, that's exactly what we've said.

Mr Prue: Having made that statement, can you indicate to them any way that they might be able to do that, given the constitutional guarantees of such a system in Ontario?

Mr Mannell: As I understand it, the constitutional guarantees allow the provincial government to offer that funding, they do not mandate that funding. I believe the court decision in that case says exactly that. It does not mandate it; it says that it's allowed.

Mr Prue: Which court case is that?

Mr Mannell: The appeal process that went through after the funding was introduced.

Mr Prue: That would be my question.

The Chair: We'll move to the government.

Mr Bruce Crozier (Essex): Thanks both to Greg and Barry for being here today. We in this area know the struggle that Harrow high has gone through in its own right, but I'm asking you if what you've explained to us in detail today about Harrow District High School would apply to the upwards of 100, we understand, small rural schools, and maybe some small schools in large urban areas, and the importance to their communities.

Mr Yantzi: Our study was obviously primarily focused on what happens in our own community and our own county with our board here. But studies have shown that more than 40% of schools in Ontario don't fall under the funding formula guidelines so they can have funding. Do we need to have 900 students so we can have a principal? Aren't 300 students allowed a principal as well? Isn't that good enough to have a principal?

We think the formula is focused on larger schools, which in the province of Ontario doesn't seem to be the predominant experience. Most schools are much smaller. We're just questioning, how does this impact? We think, yes, we have a case that applies to many schools all across the province, that it's not just us. In fact, we don't want the board to close Kingsville school or Amherstburg school or Leamington school. This is an issue that is much bigger than Harrow but certainly affects us very specifically here right now, and has for the last 14 to 16 years, with the board wanting to close us more than once. We just think that it needs to be a bigger issue that's looked at, with bigger problems.

The Chair: Thank you for your presentation.

GREATER WINDSOR HOME BUILDERS' ASSOCIATION

The Chair: Would the Greater Windsor Home Builders' Association please come forward. You have 20 minutes for your presentation. You may leave time for questions if you so desire. I would ask that you state your name for our recording, Hansard. You may begin.

Mr Mike Dinchik: Mr Chairman, members of the committee, good morning. My name is Mike Dinchik and I'm the executive officer of the Greater Windsor Home Builders' Association.

I appreciate the opportunity to speak with you today to deliver an important message from our local residential construction industry. I'd like to start by telling you a little about our local association and the Ontario Home Builders' Association.

The Greater Windsor Home Builders' Association is the voice of the residential construction industry in this region of the province. Our association includes 150 member companies involved in all aspects of the industry and is an important component of the local economy. Our local association is one of the 31 that, together, form the Ontario Home Builders' Association. We have been around since 1953. Our member builder/developers are responsible for approximately 70% of the new housing starts in this area.

The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario. As a volunteer organization, OHBA represents about 3,500 member companies across the province. Our membership is made up of all disciplines involved in residential construction. Together we produce 80% of the province's new housing, and renovate and maintain our existing housing stock. We estimate our industry directly employs over one quarter of a million people and contributes approximately \$30 billion to the province's economy every year.

Over the past several years, Ontario has generated tens of thousands of new jobs. Many of those new jobs were in residential construction. It's estimated that each average housing start generates approximately 2.8 person years of employment. Therefore, with housing starts at 85,000 in 2003, Ontario's new housing industry directly provided over 238,000 person years of employment last year. Housing starts in the Windsor-Essex county region were over 2,500 in 2003, which directly provided for over 7,000 person years of employment.

Ontario's housing market in 2003 was active and healthy. Starts last year were up by 2% over 2002 and reached a 14-year high of approximately 85,000. The housing industry was a bright spot in the provincial economy despite a series of unpredictable economic shocks. Low mortgage rates, increased immigration to the province and high consumer confidence all contributed to strong sales in 2003.

The Ontario Home Builders' Association and its members are looking forward to another healthy new housing market again this year. OHBA is forecasting a very

healthy 78,000 housing starts this year. Renovation spending is also on the rise, with about \$12 billion spent in this sector last year. Canada Mortgage and Housing Corp once again expects another active year in the renovation sector for 2004 and forecasts approximately \$13 billion in spending for 2004. This certainly bodes well for Ontario's existing housing stock, which benefits from efforts to maintain and upgrade housing standards.

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Locally, the housing market in 2003 was down slightly from 2002; however, our members remain confident that 2004 will be another solid year for new housing in Windsor-Essex county.

While most builders are very optimistic for 2004, they do have some concerns and listed the top five barriers to growth as follows: skilled labour shortages, increasing material costs, shortages in the availability of land, development charges, and over-regulation. In order to maintain Ontario's healthy residential construction industry, these barriers need to be addressed.

The Greater Windsor Home Builders' Association would appreciate your consideration with respect to the following.

Excessive regulation and over-taxation on the home building industry has pushed the price of new homes higher and higher, which in turn has put home ownership out of the reach of many families. New housing is in fact the highest-taxed industry in Ontario after tobacco and alcohol. Studies by the Urban Development Institute have found that the total taxes, fees and charges paid by a homebuyer were up to 30% of the cost of a new home. In 2002, the Greater Windsor Home Builders' Association collected data from local municipalities with the purpose of informing the public about charges, fees and taxes when purchasing a new home. We found that, on average, 20% of the cost of a new home consists of permit fees, taxes, development charges, land processing costs etc. On a new home costing \$155,000, this equates to \$31,000.

Not only do these charges contribute significantly to the cost of housing in the province, there are serious concerns that some municipalities may be manipulating development charge calculations to increase revenue.

Currently, many municipalities are in the process of preparing new background studies to be used in setting development charges. The Greater Windsor Home Builders' Association and the Ontario Home Builders' Association are very concerned that in some instances background studies have been prepared using very inconsistent and sometimes flawed methods of data projection, which has resulted in various municipalities implementing development charges that are artificially high.

As we begin another round of background studies and consultant reports to set new rates, we recommend that government identify and correct abuses of development charges in the home building industry and intervene to ensure that the intent of the legislation, which is to reduce costs, is met. The Ontario Home Builders' Association seeks to ensure that developers pay only their fair share

of growth. The mantra has always been that growth should pay for growth. Municipalities should include new property tax revenue in the equation when calculating development charges. As an example, a local municipality stated in the Windsor Star recently that instead of a 5% tax increase, it had been reduced to 3% due to the new property tax revenue from new housing. Basic equity principles would imply that if growth should pay for growth in capital costs, then growth-related savings in the operating budget should be credited to growth.

The Ontario Home Builders' Association has been actively involved in the consultative process as the government seeks to develop strategies for promoting and managing growth in ways that sustain a strong economy. Transportation links are extremely important in achieving balanced growth. It is critical that government ensures efficient transportation links between neighbouring communities and that mass transit is reasonably priced. The Ontario and Greater Windsor Home Builders' Associations are in full support of government promises to allocate two cents per litre of the existing gas tax toward transportation infrastructure. While our members understand that the government has to make tough choices to wrestle down the \$5.6-billion deficit, we urge the government that if the full two cents per litre of gas tax cannot be allocated this year, the gas tax be phased in over time.

The shortage of skilled labour is a major concern for the construction industry and has been a top concern for our members over a number of years. The increasing number of skilled trades people retiring is not being offset by the numbers of young people entering our industry. Informing and educating the public about the opportunities available in the construction industry, as well as dispelling some of the negative stereotypes associated with skilled trades, is a major challenge for the industry and government.

In the past year, Ontario has finally turned the corner in the production of private rental housing. Investors are returning to this market, and private construction of new rental units is increasing. Since the Tenant Protection Act was introduced in 1997, private rental starts have increased by 400%. In addition to new supply, since the introduction of the Tenant Protection Act, landlords have invested over \$1 billion per year on upgrading and maintaining existing rental properties across the province.

The culmination of this activity has resulted in over 30,000 jobs being created annually. Vacancies have increased significantly in urban centres across the province and in some cases are the highest they've been in decades, providing consumers with unprecedented choice. Canada Mortgage and Housing Corp recently reported that the Windsor census metropolitan area has a vacancy rate of 4.3%, up from 3.9%. In addition to this, rental rates are also decreasing, thereby making rental housing more affordable for tenants across the province. This is proof that the Tenant Protection Act is working. The proposal by the provincial government to repeal this act would have devastating consequences for the new rental construction industry.

OHBA and the Greater Windsor Home Builders' Association further recommend the elimination or lowering of development charges on rental units to increase the economic viability of private rental construction. Government is encouraged to continue to review policies that discourage private investment in this sector. For those who simply cannot afford housing, both of our associations recommend that the province provide shelter allowances. The private sector is prepared to work with the government to provide high-quality rental housing for tenants across the province. Adequate shelter is a basic necessity for all Ontario citizens, and we continue to support the provision of shelter allowances for citizens truly in need.

Pressure from the underground economy continues to plague our industry, particularly in the renovation sector. On the provincial level, estimates range from \$1.1 billion to \$1.7 billion per year in lost tax revenue. Both our associations recommend that the government work together with industry to seek out ways of encouraging and enticing customers to utilize the skills and services of legitimate, honest renovators and contractors.

The Ontario and Greater Windsor Home Builders' Associations have some concerns and recommendations regarding the future of the Ontario Municipal Board. The Ontario Municipal Board has served a vital role as an independent adjudicative body in Ontario for over 100 years. There is a need for an independent and impartial body to pass judgment on appeals in Ontario to ensure that land use decisions are made based on good planning, in adherence with the stated goals of the province. However, the residential construction industry is open to improving the system and recommends an increase in remuneration for board members as well as a lengthening of members' tenure. The planning system is best served by the province articulating its interests through the provincial policy statement, with municipalities adopting clear policies through their official plans. The industry strongly supports an independent OMB that provides checks and balances outside the political process.

Let me conclude by stating our concern about potential changes to the land transfer tax rebate for first-time buyers of newly built homes. Since its introduction in 1996, rebates totalling approximately \$196 million have helped more than 135,000 Ontarians purchase their first home. This has certainly contributed to the strong growth experienced in the new housing market. Both our associations support provincial initiatives to target growth toward brownfields and infill sites, but our membership is concerned that any changes to the land transfer tax may place new housing out of reach for many young families. We recommend that the province investigate other means of providing consumers with a tax break for purchasing new housing in targeted growth areas or providing builders with incentives to build in target areas of the province.

The Ontario and Greater Windsor Home Builders' Associations are in full support of government initiatives to balance the budget. The residential construction

industry has a valuable role to play in the elimination of the \$5.6-billion deficit. The residential construction industry contributes \$30 billion to the provincial economy and employs over 350,000 people in a variety of disciplines across this province. As the engine that drives the provincial economy, the residential construction industry pours billions of dollars into provincial coffers, with a significant portion coming from the Windsor-Essex county area. Government is well advised to work with the industry to ensure that the new housing and renovation industries continue to thrive in Ontario.

Mr Chairman and members of the committee, I would like to thank you for your attention and interest in this presentation, and look forward to hearing any comments or questions you may have.

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The Chair: Thank you. We have two minutes per party, and we'll begin with the NDP.

Mr Prue: Two minutes and I have so many questions, but I'm going to start with the OMB. Most municipalities, most ratepayer groups, most community associations have a diametrically opposed view of the OMB to your own. They think it is a tool of the developers. Would you comment on that? The position you're taking here is diametrically opposed to most public policy.

Mr Dinchik: We've always looked at it as an impartial body that provides a process where both parties can put forward their points on a particular issue and have it decided without political influence.

Mr Prue: The municipalities, most of the bigger ones anyway, believe the decision should rest with the municipal council—the elected people who are responsible to their electors—as opposed to a body that is out there which is responsible to no one. Would you comment on that?

Mr Dinchik: Municipalities put forward official plans, and in a lot of cases some of the issues that go the OMB still fall within the official plan designations or the municipality's planning decisions. But some of the issues that go forward are from other interest groups, and there has to be a way of bringing those issues to the forefront and having an impartial body look at them, because most of the municipalities are politically motivated by their decisions.

The Chair: We'll move to the government side.

Ms Judy Marsales (Hamilton West): Thank you very much for making this presentation to us this morning. I thoroughly enjoyed reading some of your material, which reflects some of our experiences in Hamilton through your other association.

I have one question. You were speaking about brownfields. Could you tell me the existing impediments to your members currently in developing and/or working on brownfields?

Mr Dinchik: In this particular area, and let me speak to Windsor in particular, they haven't really pushed brownfield development. The new mayor and members of council recently put forward an interest in re-looking at brownfield development and making it easier for

developers to get involved in these types of situations. The municipalities have not really been reviewing this in this area, and it affects, probably for the most part, the city of Windsor.

Ms Marsales: So it's not your membership that's struggling to participate, it's your community?

Mr Dinchik: That's what we have found in the past. Some of the developers in the area have done some things like convert office towers to apartments and things like that. But we found there wasn't an interest until recently.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much for your presentation. I commend the industry, because you have really been the engine of the economy over the last decade really, or since about 1995. I should say I would support the industry in many respects for job creation and the trades and skills. I'm very familiar with Peter Saturno, who lives in my riding, who is president of the Ontario Home Builders' Association this year, from Durham.

I do have a couple of points, and then I have a question. The point I'm trying to make is that I've argued that the whole issue of lot levies, or development charges as you've referred to them, is an onerous problem, together with the fees and licences, all of which you've described. It's 20% of the price of a house, really. That 20% in my area is about \$40,000 per house, and that \$40,000 actually goes on the mortgage. You don't pay it; the purchaser of the home pays it. If you do the numbers, over a 40-year or 30-year mortgage the new homebuyer is paying almost half a million dollars on the costs, fees and permits. It's onerous. I think it's discouraging, whatever government is in power, home ownership, which I believe is fundamental to a strong society. That's my statement here.

I'm impressed with your analysis on the vacancy rate and the implications in the market that actually when the vacancy rate goes up, the rent goes down. That's what the market is doing after four or five years in all cities; it's actually going down. The market then has some ability to take over.

Also, people should know that one of the best-kept secrets—I served on municipal council for some time—is that the property tax rate on multi-residential, which is apartments, is two and three times the residential rate, because the renter doesn't see the taxes. It's blended into their monthly rent.

My question to you is—

The Chair: Thank you, Mr O'Toole.

Would you care to comment on the remarks by Mr O'Toole?

Mr O'Toole: I have a question, though. The question is with respect to the gas tax.

The Chair: Your time has expired, Mr O'Toole. *Interjections.*

The Chair: Order. We'll let the presenter respond.

Would you care to respond to some of the statements by Mr O'Toole?

Mr Dinchik: The only thing I'd like to pick up on is the impact of the charges, fees and taxes on the new home purchaser. It has a tremendous effect, especially here in the city of Windsor. The city of Windsor has such a large entry-level market; 70% of the new housing starts in the city are priced below \$175,000, and that's the market area that is most susceptible to these increases in charges and fees.

The Chair: Thank you for your presentation this morning.

WINDSOR AND DISTRICT LABOUR COUNCIL

The Chair: The Windsor and District Labour Council, please come forward. You have 20 minutes for your presentation.

Mr Peter Pellerito: First off, I'm going to start the presentation and Brother Parent will finish it off. My name is Peter Pellerito and I'm on the executive of the Windsor and District Labour Council.

On behalf of the over 42,000 affiliated members of the Windsor and District Labour Council, I would like to thank you for the opportunity to participate in what we hope will be a truly open debate about the future of Ontario's public services.

Further cuts to our public services cannot be an option as we look to rebuild them after the devastation they faced with the previous Tory government.

We happen to believe that most citizens in the Windsor-Essex area are prepared to pay for better public services, as was evident when they and the rest of Ontario voted for an end to tax cuts and approved the expenditure of \$5.9 billion in new investment towards services renewal.

The previous government reduced our ability to pay for public services by nearly \$14 billion in annual revenue. We find it difficult to comprehend the newly elected Liberal government's continuous statements of how they can't live up to their pre-election promises, and would like to offer the following as an attempt to keep these promises. But, as government, you will need the political will to follow through.

The Ontario alternative budget has put forward a plan to raise an additional \$3.5 billion a year, maximizing the revenue we would get from our current tax system by closing tax loopholes, tightening up tax enforcement and recovering a portion of the revenue forgone in the eight years of the Harris-Eves government's income tax cuts. The alternative budget estimates that an increase of only 2% in tax rates across the board would generate an additional \$1.25 billion in personal income taxes and \$200 million in corporate taxes. Closing loopholes in the corporate income tax and the employer health tax would generate almost \$2 billion more.

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The point we are trying to make today is that we have to get away from the idea promoted by the previous government that taxes are a burden imposed on us for no

reason. We pay taxes to buy public services, and as long as there is tangible evidence that the tax dollars are going toward these services promised, there will be more public acceptance.

Health care: We have seen first hand in our community of Windsor-Essex county how funding cuts have affected us over the last eight years.

We have seen the waiting list for children's mental health care get longer. We have seen our three remaining hospitals—we did have five—constantly having to cut spending, which in turn results in the layoff of front-line staff, thus reducing the quality of care for the most vulnerable in our communities.

We've seen the closure of Villa Maria, a long-established, good-quality, long-term-care facility, which in turn created a great deal of anxiety for both residents and family members.

In talking about health care we would be remiss if we didn't raise our opposition to the P3 hospital models, which during the election campaign the existing Liberal government was opposed to. However, according to media reports, the government is now looking at expanding from three P3 to eight P3 models, which we believe would not only have a devastating effect on our delivery of quality care within the provincial health care system, but diminish accountability as well. Simply put, Ontario cannot afford a private health care system, and that is exactly what this is.

Education: We look at the outcome of the flawed funding formulas of the Harris-Eves government, and what we see are eight Windsor inner-city core schools closing under the separate school board system, as well as similar cuts, including closures at the secondary level, by the public school board.

This same past government did nothing to enhance our publicly funded system. Instead, they set out, soon after their 1995 election, to destroy our education system.

The constant badgering and belittling endured by the men and women in our province who have been given the responsibility of teaching our children and grandchildren should not have been allowed. These professionals deserve the utmost respect and nothing less.

The recommendations of the Rozanski report on education funding should be adopted so that the wrongs of the previous government will not continue to go forward.

Mr Gary Parent: Social services: In 1995, we had a thriving program in this community that was building hundreds of new affordable housing units every year, and thousands of units throughout the province. Since then, there has literally not been a single affordable housing unit built.

We would like to know if this government is looking at partnering with the federal government to once again create a program that will build both single and family affordable housing units. We are led to believe that there is \$300 million available in federal monies that the previous government has let sit there without being implemented, and the partnering of the province obviously

would afford us what we're talking about in building affordable housing.

We then look at the available child care spaces: There are fewer today than in 1995. This is absolutely unacceptable in 2004.

This happened at the same time social assistance benefits were cut by 22%, and since then have been frozen for the last eight years. This, we submit, has had a direct, devastating effect on these social assistance recipients and their families and, obviously, the communities.

One only has to look at our Downtown Mission here in Windsor and our community food banks to see that they are busier today than ever, with no sign of relief on the demand for their much-needed and valued services.

We can no longer have our provincial government dumping their responsibility on local municipal governments. There has to be a new deal for our local governments, because if we continue to ignore them, we allow our cities to decline at our peril; and heaven forbid that we, as a province, enter a recession similar to that of the early 1980s. How will we as a city and county be able to assist those affected now that the municipality will be responsible for the delivery of social services as a result of this downloading?

Selling off revenue-generating assets: In the strongest of terms we say to you that the selling off of our hydro system, LCBO, or TVOntario must be off limits. These sales would only benefit the province in the short term and be a detriment in the long run. I think when we look at the 407 toll road in Toronto it is proof positive of what happens when we turn things over to the private sector.

This government has already broken faith with the electorate with increases to both hydro and gas rates. Let's not compound things by selling off services that are already generating revenues for the cash-starved provincial coffers.

I dare say that the members in this community stood fast with this community when we talked about the whole question of gas rates going up. Now we're asking these same members, who are now in government, to do something about these particular things.

In conclusion, we feel strongly that this current government must follow through on their election campaign promises. This would bring much-needed new financial investment for our much-neglected public services. We need a plan that will provide skills training for the unemployed and underemployed so that they can find suitable employment, thus giving more families the opportunity and ability to adequately provide the needed nutrition for their children and have less dependency on our local food banks. We need a plan that recognizes that Ontario faces a revenue problem, not a spending problem, and not to be fooled into thinking that further tax cuts would be beneficial. Further tax cuts will only have an adverse effect on us as a province. The stakes could not be higher, as the future of Ontario is in your hands. We are prepared as a labour movement to do our part. Do you as a government have the political will to make sure our public services continue to be accessible and not turned over to the private sector?

Mr Chair, I'd be remiss if I didn't do this, and I think that you as Chair understand the importance of what I'm going to say. This is on the question of our auto campaign that we've started here in Windsor, Ontario. It's in regard to a campaign that affects us not only in this community but in this province and in this country, because I happen to believe, and we within the CAW happen to believe, that the economic engine for this province and this country is the auto industry. It has been neglected. It has been neglected by the previous provincial government and the federal government. We've lost two plants, new plants that could have been coming to the city of Windsor and Essex county had it not been for the federal government dragging their heels, as well as the provincial government.

I want to share with the committee—and if I could, Mr Chair, I would give this to you. I apologize. We're putting these packages together. We had a meeting this morning with the chamber of commerce to talk about our campaign. I want to give you some statistics, if I may. In the big three—GM, Ford and DaimlerChrysler—Canadian sales were 967,315; production employment was 50,000; jobs per 1,000 vehicles sold were 52—52 jobs for every 1,000 vehicles sold.

Honda and Toyota Canadian sales were 277,975; production employment was 6,000; jobs per 1,000 vehicles sold were 22. Then, look to our offshore. The Nissans, the Hyundais, the Volkswagens, the BMWs: 327,306 units sold in Canada; production employment was zero; jobs per 1,000 vehicles sold were zero.

I am saying this to say to this committee that something has to come out in this budget, something firm and committed and a commitment to the auto industry in this province. I know that prior to the last provincial election the McGuinty campaign talked about the whole question of investment in the auto industry, but I'm saying to this committee that we have to have some sign in this budget that's coming up that's going to reaffirm and further commit to the auto industry in this particular community and in this province. But more importantly, talk to your federal colleagues and make sure that they understand the importance, because it's unfortunate, but we happen to believe that they don't understand the importance of the auto industry.

All the things that are compiled in this information packet will show the direct effect in the Windsor and Essex county area of the billions of dollars that are re-invested in this community as a result of the auto industry. The things that we're asking for in our brief from this budget cannot happen if we have a faltering, non-existent auto industry. We need an auto industry that's going to be vibrant and competitive, and we need a level playing field. Currently, with the offshore dumping of vehicles into our province and into our country, we don't have that level playing field. That's what this campaign is all about. Thank you very much.

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The Chair: Thank you for your presentation. If you leave any material with us, we can have a copy given to

each committee member. We have about two minutes per caucus, and we start with the government.

Mr Colle: Thank you very much for taking the time to be here and helping us to give direction to the government on where we should go. We appreciate that direction you're giving us, and we'll certainly move on your suggestions.

I would first of all like to say that in terms of the points you brought up, and I think they're very valid ones, the fact is that there are programs that the federal government has offered the province that the previous government did nothing about—an immigration agreement, a child care program and also affordable housing. I'll just let you know that the daycare has already been unleashed. Discussions are going on about the immigration agreement; we're the only province without one. Also on the housing front, Minister Caplan is in discussion with the federal government.

My one question was on the auto industry. I know a lot of it is federal and has to do with the high value of the Canadian dollar, but if there is one thing that we should push as a committee when we make this report, what should we do as a province to help the auto industry remain healthy and stop the erosion that's taking place?

Mr Parent: The one thing that's obviously happening is that, as I said earlier, the sands have shifted. Unfortunately for the auto industry, with June 1, 2001, and the elimination of the Auto Pact, our content legislation is non-existent. We have to get some form of content legislation back in this country and this province.

More importantly, you have to attract investments by potential producers that want to build assembly plants. You have to make an atmosphere within this province that's going to be inviting. It's not inviting. There has been too much left up to the value of the dollar, saying that it will take care of itself and that is going to cause investment here. We have the rising cost of our health care system that has to be looked at in relationship to making sure that we have a good-quality health care system. That is going to cause investment in this province. As a government, you have the tools available to try to put these types of incentives and investments back into the province so that we are less dependent on the value of the dollar being the sole reason that people should look at investing here.

Mr Colle: So keep the health care system strong and affordable and the climate for investment, for expansion?

Mr Parent: Absolutely.

The Chair: We move to the official opposition.

Mr O'Toole: I apologize for not being in attendance when you made your presentation. I have heard similar presentations. A very good presentation was made by Hugh Mackenzie. My question to you would be, just reviewing what I've heard over the last few days, would you encourage the government to go forward with a deficit, and do you think that's their plan, when they promised that they would balance the budget?

Mr Parent: We're saying, Mr O'Toole, and I've said this many times before this committee, you have to make

investment in public services. I'm a firm believer that if you show value for taxes, people are more receptive to paying. What has been happening is that we've been paying taxes in the past, particularly over the last eight years, that have not shown a result. There were promises made by your government that you were going to put more income in the pockets of the people of Ontario. All you did was make less money available for people in the policies that came from your government. It's unfortunate that people want to see value for their money. So are people prepared to pay taxes, an increase, as long as they see that there is value at the end, in other words, a strong education system, not one that has been destroyed under past policies, and a health care system that's strong, which was absolutely under attack again by the policies of the last eight years? They don't want to see the eroding of our health care and education systems.

You heard earlier today from Harrow high school. This isn't about a high school and bricks and mortar; it's about a community. The funding formula, which was flawed, has affected that community to the degree that they want to eliminate that high school. You need to have planning that's going to stabilize things, because people are going to go to the community of Harrow if there's a school, whether it be a public or high school or a separate school—as long as there is school availability. You take that out of that community and that community is no longer the community that Harrow is today. Those are the types of things that have happened during the last eight years.

The Chair: We move to the NDP.

Mr Prue: I have a question on housing. Contrary to what I think the previous speaker had to say, the number of rental units in Ontario is not going up with new building. In fact, the number of rental units available is less today than it was in the last five or six years. It has declined quite rapidly as homes are converted.

This government campaigned on a promise to build 20,000 units of affordable housing, plus, I think, an additional 5,000 units of assisted housing. It's a very expensive process. You have said you believe that taxes should be increased. My question to you is, should this be a priority? They made 230 promises. How high up on the list is this to you?

Mr Parent: I think it's very high. I think it's an absolute right for people to have food and shelter, shelter being part of that priority, affordable shelter. As a labour movement in this community, we happen to have the responsibility of 600 co-op and affordable units to manage—600 units. That was done over many years prior to 1995. But since 1995, as we've said in our brief, not one single unit has been built. So it is a top priority for us. I believe that people do believe that people have an ultimate right. So is it a priority of ours? Absolutely.

Mr Prue: Should it be a priority of theirs?

Mr Parent: It should be an absolute priority of theirs.

The Chair: Thank you for your presentation this morning.

ONTARIO SECONDARY SCHOOL
TEACHERS' FEDERATION,
DISTRICT 9, GREATER ESSEX

The Chair: The Ontario Secondary School Teachers' Federation, District 9. Good morning.

Mr Brad Bennett: Good morning. My name is Brad Bennett. I am the president of OSSTF, District 9. I'll start by saying that I do have a handout for everyone, but being a teacher, I know if I give it to you upfront you'll be reading ahead, so I'm going to give it to you after.

Thank you very much for the opportunity to provide input into the next provincial budget. Teachers and education workers in Windsor and Essex county are very excited indeed about the fact that the new Liberal government is going to make education its number one priority. As we are all too painfully aware, publicly funded education has been starved for cash since 1995, and the damage done to the system has been growing exponentially since that time.

Crumbling buildings, too few teachers and educational workers, ongoing disputes regarding salary and working conditions year after year, low staff morale and a severe shortage of student resources are but a few examples of the devastation which came about as a result of underfunding. We are hopeful that we are about to turn the corner as this government embarks on its ambitious education agenda.

It is worth noting that a clear majority of voters in Ontario did in fact choose change in the last election, due in no small part to tiring of the ever-declining services, particularly in the areas of health care and education. We urge the government to not let the inherited deficit get in the way of making progress in the vitally important area of education. The future of Ontario depends on it.

In the report of the Education Equality Task Force, Dr Rozanski made 33 recommendations aimed at improving equity, fairness, certainty and stability in the funding of education in Ontario. He recommended implementing them over a three-year period beginning in 2002-03. The report emphasized that these recommendations, once implemented, will advance the goal of continuous improvement in student learning and achievement.

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The former government began implementing Rozanski's recommendations, and we think, at the very least, this new government, planning to make education its number one priority, must continue to fully implement these recommendations. Being in a position of talking to front-line teachers and education workers within this board on a daily basis, I can tell you that the future of public education very much depends on an immediate financial commitment from this government.

We see the following areas as priorities for the first budget.

Priority number 1, updating the benchmarks for salaries and supplies in the funding formula: The development of the funding formula included a 1997 study of costs of services and goods provided by school boards.

Supposedly, the actual costs were used to determine the benchmark values that boards receive to cover salary, benefits, learning resources, classroom supplies, computers and related costs, school operations, and construction and maintenance. In many cases, the benchmarks were set artificially low to begin with. To compound this problem, other than a minor adjustment in 1998, no benchmark adjustments were made for several years, amounting to a year-over-year loss of real dollars due to inflationary pressures. This is why Rozanski's number one recommendation was to update the benchmark costs in the funding formula to reflect the actual costs in 2003.

Because the benchmarks are so out of step with reality and the total cost to catch up was \$1.1 billion, a recommendation was made to allow the government to allocate the catch-up money over a three-year period. To the former government's credit, they did include the first instalment of catch-up money in the 2003-04 budget. It is now incumbent upon the Liberal government to at least inject the second instalment into the 2004-05 budget.

In addition to catch-up funding, the funding formula must be updated annually in order to keep up with inflation. Otherwise, education funding falls further and further behind. That is why Rozanski's recommendation number three stressed the need to provide annual funding increases to keep the benchmarks current.

We believe that updating the benchmarks would have the widest ranging impact on providing school boards with the means necessary to negotiate fair collective agreements with teachers and education workers. This would provide the much-needed peace and stability in education.

The cost of catch-up money, coupled with inflationary increases, may be expensive, but these steps absolutely must be taken just to bring relative spending in education back to 1997 levels.

Priority number 2, restoring adequate levels of support staff in schools: Without a legislated requirement for staffing levels in some support staff areas, school boards have been decreasing support positions continuously since the funding formula was launched in 1998. With inadequate funding in all areas of the funding formula, pressure falls on grants that are not protected by legislation.

Priority number 3, pay equity: The government must provide sufficient money to school boards so that they may complete pay equity agreements. Presently, school boards do not have funding for pay equity and therefore face an unfunded liability. In order to come up with money for pay equity, boards are presently forced to steal money from other areas of the budget.

Priority number 4, funding for benefit plans: The Rozanski report indicated that funding for fringe benefits trailed actual cost increases by a wider margin than salaries. The report suggests an immediate increase in funding of 9% is required to bring the funding up to actual current costs.

Priority number 5, average credit count: The funding formula provides initial funding for an average of 7.2

credits per student in the foundation grant. The teacher compensation grant provides funding for additional credits above the 7.2 to a maximum of 7.5 credits per student. Many boards are now reporting an average above the 7.5 maximum that is funded. A number of boards are reporting an average of a least 7.6 credits per student. The main non-funded expense for these extra credits is teacher cost. Even though these boards have credits above the funded level, the board must still comply with the 21:1 or 22:1 class size regulation. Therefore, additional staff must be provided with no funding from the government.

Priority number 6, base staffing levels: The government must establish a base number of staff in each school, including administration and office clerical.

Priority number 7, special education funding: Special education funding must be based on IEPs and not on ISA standards. Staffing must be allocated to records and reporting, in addition to service delivered to students. There is presently too much of teachers' time being spent filling out paperwork rather than teaching students.

Priority number 8, teaching time regulations: The government must remove the onerous 6.25 and 0.42 aggregate averages to allow more flexibility in teachers performing instructional duties for students. Include mentoring other teachers as a qualifying duty. In the past, department heads have had the time allocated to assisting other teachers within their departments. This provided an excellent opportunity for teacher mentoring as well as program development. It is worth noting that when the teaching time regulations were put into place, we lost approximately 5% of the secondary teachers in our schools. Fewer teachers serving more students is not a recipe for success.

Summary: Although these priorities have significant costs attached to them, they are all essential to returning to educational excellence. Too often over the past eight years, education has been treated as a cash cow for a government looking to extract money. Education is a pillar of society in Ontario and there is a lot more to look at than the bottom line.

As I indicated at the beginning, the citizens of Ontario chose change during the last election, and even considering the status quo because of an inherited deficit is not going to be acceptable.

Public education's future hangs in the balance after years of starving for money. If catch-up and keep-up funding is not implemented immediately, the quality and tone of our schools will continue to be eroded.

We believe that running a deficit or implementing modest tax increases would be far less damaging than continuing to underfund education. Proper funding in the government's first budget will be the proof that the education community has been looking for to verify the government's commitment to improving public education. Not only would it allow for much-needed building repair or replacement, adequate student resources, a higher level of support for our neediest students and peace and stability through a more realistic collective

bargaining process, but it would allow for much-needed hope for the future of public education.

There is only one way to fix this problem that was created over the past eight years, and that is to reverse the trend. That is to increase funding to adequate levels based on educational priorities and real 2004 costs. Anything less would be more of the same.

The Chair: Thank you. We have about three minutes per party and we'll begin with the official opposition.

Mr O'Toole: I recognize that you have complimented the government with respect to follow-up on the Rozanski report, and I hope that the current, new government does the same to fill up that gap. Also, I agree totally with your observation that the IEP as well as the special ed assessments and evaluation bundle of red tape is something that should be dealt with. The year after year assessments etc are probably a waste of your time and the students' time. By secondary school, certainly they've defined the special need and some kind of strategy.

My question is, the majority of your presentation dealt with the salaries and benefits of teachers. My wife's a teacher, and my daughter's a secondary school teacher as well. You should realize, where I come from, having been a school trustee, about 85% of the budget in education is wages and benefits—85% of \$14.7 billion. You're asking for a 9% raise, really. That's what I heard you say. That's \$1.4 billion, just for wages and benefits. That's astounding.

What I really want to know is, first of all, what is the average salary for a secondary school teacher? I've heard it's \$62,500 for an average salary for a secondary school teacher. Is it true? Would you confirm for me what is the average salary for a secondary school teacher, as you are the president of the local here?

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Mr Bennett: I'll just correct a couple of things that were said before I answer that question. I will take the compliment with a grain of salt, because I think if the former government was able to do that, any other government should be able to do better.

On the second issue, I didn't propose 9% increases for salary and benefits. What I said is that the funding for benefits currently lags by 9%. Obviously, that money to cover the costs of benefits has been coming from other areas within the funding formula. I certainly wasn't proposing a 9% salary increase.

I don't know the average salary within our district. I think \$62,000 would certainly be high, because we have had a lot of new teachers enter the profession over the past three or four years. I do know the range is between about \$33,000 for a beginning teacher and \$74,000 for a teacher after 11 years of service and a lot of upgrading. So I can tell you the range. The last time I looked at it I think it was more in the neighbourhood of mid-50s.

The Chair: We'll move to the NDP.

Mr Prue: A lot of people have suggested this government increase taxes in order to pay for the social deficit. You are one of the first who has suggested that they actually run a deficit. I wondered if you might

explain why you think they would consider such a thing, considering that they supported the Tory bill against deficits. Certainly Dalton McGuinty has said that he would not entertain a deficit. Why are you suggesting that they might want to listen to that?

Mr Bennett: If I recall correctly, there were 231 promises made: 230 on one side of the ledger which I agree with, and then the one was to not increase taxes. At that time, obviously no one knew the size of the deficit the Tories were going to leave behind. So in the short term, in fairness, given that the new government may have been blindsided by the numbers, it may be better or it may be an option to run a deficit until there can be some long-term planning around taxes and spending and so on.

I don't know that we have a preference between a deficit and a modest tax increase, but we know that both of those are favourable to continuing to choke the system by not funding it properly. That, to me, is what people were talking about at election time, the improvement of our public services, including health care and education and so on.

Mr Prue: We had deputants earlier who were talking about the closing of a school in Harrow, and I think that can be revisited many places across this province. Does the OSSTF have a position on the closure of these schools which do not meet what I would suggest is a very, very rigid funding formula?

Mr Bennett: We do. We think that every community deserves a school. We support that concept. We think very much that a school is the centre of a community, and it's devastating for a town like Harrow to even face school closure. Because it has been considered for closure, it almost becomes a self-fulfilling prophecy; people get antsy and they may move to another community school. But you're right, the funding formula has been too rigid. More important, it hasn't kept up with inflation, so it has gotten worse year by year.

Measuring a student's worth by square footage in a building, which is what this amounts to because you get so much funding per square foot, I don't think is a fair way to measure what a community needs and what a student needs.

The Chair: We move to the government.

Mr Crozier: Thanks for coming this morning, Brad. There's something that wasn't mentioned in your presentation but that I'd like your opinion on as a professional educator. Recently we were given statistics that—and I stand to be corrected—upwards of 40% of students are leaving the secondary education system because they've just simply given up and don't feel they can graduate. Can you give us some suggestion as to what we might do as a government to encourage those students to stay in school?

Mr Bennett: It's a complex issue. I appreciate the question. The reason we face this today is that there were poor decisions made a number of years ago with rushing in a new curriculum for what I believe were political reasons, while at the same time compressing secondary

school from five years to four years. The new curriculum is extremely rigid, as is the standardized testing, and it's sort of a one-size-fits-all approach. We're in the people business and one size doesn't fit all.

I think the most fundamental advice I can give to the government is that if we're going to make changes in education, it's really important to work with the educators up front. Get some input, get some buy-in up front, because if the front-line people aren't up to speed on it, aren't comfortable with it or don't believe in it, chances are it's not going to be very successful. This top-down approach that we've seen over the past eight years has to go. We have to get some involvement from teachers and education workers at the planning stages before any more massive reform is introduced.

The Chair: Mr Peterson, you have about a minute.

Mr Tim Peterson (Mississauga South): Industry in the last 10 years has had huge gains in productivity by implementing technology and software programs in both automation and communication. Have you, as the OSSTF, looked at any ways that we can improve teacher productivity in this, and are you sharing that information with other associations?

Mr Bennett: I'm sorry, I don't understand. When you say productivity—

Mr Peterson: Use of technology in teaching, more computers, more computer programs, remote communications.

Mr Bennett: OK. A couple of things have to take place, I believe. One of the reforms the Tories introduced was removing professional development days for teachers, so it became more and more difficult to stay on the cutting edge with technology. That's one part of the problem.

The second part, of course, is just funding. It's expensive to keep up with technology, and because the benchmarks have been so out of whack and there's been so much financial pressure in all areas of the funding formula, it's become increasingly difficult for schools to keep up, to stay modern.

I can give you some examples locally. Although this is the mold-making capital of Canada, our machine shops are equipped with equipment that was used in the 1960s, when the school board bought it.

The Chair: Thank you for your presentation this morning.

Applause.

The Chair: Order. I remind the audience that demonstrations aren't allowed in the committee room.

CANADIAN MENTAL HEALTH
ASSOCIATION,
WINDSOR-ESSEX COUNTY BRANCH

The Chair: I would call upon the Canadian Mental Health Association, Windsor-Essex county branch. Good morning.

Mr John Clark: Thank you, Mr Chair and members of the committee. John Clark, vice-president of the Can-

adian Mental Health Association, Windsor-Essex county branch, and Pam Hines, our chief executive officer. I'll present remarks and leave time for questioning after.

The committee has already been provided with a brief by the Ontario division of the Canadian Mental Health Association. It provided the committee with an actionable, relatively inexpensive solution that would address many of the concerns of people with mental illness in Ontario, their families and mental health workers. We will not repeat those today, but what we want to do today is give you a local perspective on mental health challenges that cry out for attention in the budget.

1030

Some context to start with: Regrettably, Canada's health care system has not treated mind and body with the same emphasis. The Kirby report referred to mental health as the "orphan child" of health care. The province of Ontario has been engaged in mental health reform for 20 years. Unfortunately, the walk has not matched the talk. Building Community Support, 1987; Putting People First, 1993; Making it Happen, 1999: three reports commissioned by three different governments, three policy position papers on mental health reform. They are remarkably similar in proposed direction, which included a shift from dependence on beds to community services.

I'd like to read from a column that appeared in the London Free Press this past December. It's authored by Helen Connell. She's the executive director of the London and Middlesex United Way. The Windsor-Essex county branch of the Canadian Mental Health Association is a proud member agency of Windsor and Essex county's United Way. Ms Connell doesn't say anything new, but I think it stands repeating and stands some emphasis.

She says, "More than a generation ago, the province began closing beds in psychiatric hospitals—and sometimes entire facilities.

"The philosophy behind that decision is as sound today as it was then: People whose illnesses or conditions do not require them to be in a hospital or other institution should not be there.

"The problem has been that successive governments have failed to put in place a comprehensive and effective community mental health care system. Since 1988, there have been no fewer than 19 government reports"—I mentioned three—"that recommended more funding for mental health service core budgets. Yet the last time the government increased funding to those budgets was 1992.

"You need only take a stroll along the streets of any major city or town to see the walking wounded—people with obvious mental health issues who aren't receiving the help they need. But they represent only the tip of the iceberg.

"There are far more people who suffer quietly in their homes from depression and other disorders that are as debilitating as physical illnesses that impact sight or mobility.

"And mental illness kills. Each month, 300 Canadians commit suicide—90% of whom have a diagnosable mental illness.

"What other illness would Canadians tolerate being ignored to the point that people see no way out other than to kill themselves?

"It's not that governments are saving money by shortchanging the needs of the mentally ill. One study found that the Canadian economy loses \$14.4 billion annually from lost productivity due to mental illness.

"Besides losing out on the personal contributions people with mental health issues could be making to society, the costs associated with mental health care are simply being downloaded on other public services that don't have the mandate or expertise to respond effectively"—police, children's aid, hospitals with other specific mandates.

Individuals with mental health issues are currently discharged from hospitals without access to adequate primary care or community health services.

What have we done here in Windsor-Essex county? Concerned about the lack of access to primary care, our branch responded to a request for proposals, and three years ago we received funding for a nurse practitioner. We were the first community mental health agency to provide an integrated approach to primary care and mental health services.

This model was presented at the national conference for Canadian mental health in 2002 by our nurse practitioner, Bonnie Myslik, and Ms Hines, who then presented the model last year at the mental health congress in Sydney, Australia. The model has been so successful that in the latest request for proposals, several branches and community mental health agencies were funded to provide similar services.

With one nurse practitioner, we had approximately 900 individuals rostered for whom we provide primary care. These are individuals who otherwise would have difficulty accessing primary care services. It is challenging, if not impossible, to provide mental health support to persons with a serious mental illness in the community when their physical health needs have not been addressed.

Our primary care services have reduced hospitalizations by 74.5% in our client group, and the number of days in hospital by 78.8%. Providers have reported increased continuity of care; clients reported very high satisfaction with the services.

A strategic review of the community health centres program commissioned by the Ministry of Health two years ago, "identified evidence that CHC patients have lower health care costs compared to fee-for-service patients and that CHC patients have lower rates of hospitalization."

The community health evaluation project, which our association is a partner of, along with the Centre for Addiction and Mental Health and the Ontario Mental Health Foundation, has conducted or is in the process of conducting a multi-site study. Their preliminary findings

are that clients are showing improvement in community functioning, symptoms, use of substances, and are experiencing fewer crisis episodes and, again, fewer days in hospitals.

The mental health budget in Ontario has been eroded with increased costs and no economic increments for 12 years. The Ontario government has mandated pay equity and ministry accountability systems, but without appropriate resources. It's had a serious impact on access and capacity in our community.

Having achieved all possible service efficiency, we are convinced that there is a present need for increased capacity and base funding, as our Ontario division has pointed out in its submission, that will permit us to keep up with a growing demand and proceed with the next steps in mental health reform and system restructuring.

We need adequate resources to support individuals currently receiving services and those on waiting lists for intensive care management and hospital discharge planning.

We are proof that community mental health services work. They improve the quality of life for people with mental illness and their families. They reduce the pressures on hospitals, emergency services and municipal governments who must fund the shelters in which people with mental illness are often found.

The province has committed to a shift in shifting mental health services to 60% community-based funding and 40% institutional.

Presently, spending is 66% on psychiatric facilities and 34% community. The transition is ensuing, but it is essential, as Ms Connell pointed out in her article, that as that transition continues, beds not be divested without appropriate collateral supports and resources.

We believe in Windsor-Essex that structures are not presently in place to ensure that areas outside regional centres will receive appropriate access to out-patient services when tertiary facilities or operations are closed.

We believe that we have demonstrated the effectiveness of providing primary care in a community mental health setting. We believe that a community health care centre with specialization in mental health would attend to the physical needs of persons with mental illness in a more cost- and time-efficient manner than is currently the case.

Two years ago, we submitted a proposal for a community health centre with a specialization in mental health. We are confident that funding of proposals such as ours would not only provide health care to hundreds of thousands of people in Ontario, but also create cost efficiencies in the system by reducing that utilization of hospital emergency services and hospital admissions.

We are sensitive to the issue of the deficit. That said, we believe that funding of CMHA branches such as ours is a less costly alternative than hospitalization, detention in correctional facilities, and socially, in terms of human cost and suffering borne by individuals having a mental illness, their families and the wider community, both socially and as a contribution to the economy.

Mental health spending as a percentage of health spending is now less than it was in 1989.

We urge the committee to recommend mental health reform and proper support for that in the manner proposed by our Ontario division. Mental health is important. We believe that as a government priority it should be treated at least equally with other health care issues. We believe that waiting lists for people with mental illness are no more acceptable than waiting lists for people with cancer or heart disease. Thank you, Mr Chair.

1040

The Chair: Thank you. Do you have any comments?

Ms Pam Hines: No.

The Chair: Thank you very much for your presentation. We have about three minutes for each rotation. We'll begin this set with the NDP.

Mr Prue: You've made some excellent points here in terms of the less costly approach, and certainly we have seen statistics from other presenters showing that if you spend money on community services then you significantly reduce the far more costly elements that the province pays for: hospitals, jails, parole services, children's aid, all of those things.

Perhaps if I could zero in, there is a finite amount of money, I think, that this government is going to have available to it. Is your proposal that the monies to fund community services such as your own come from the existing health budget or are you looking for additional funds? What I'm saying is, in order to fund your service, would it require a corresponding decrease in other funding—to hospitals, to parole services, to jails? Is that where you see getting the money from, or do you see getting the money from additional tax revenues or from running a deficit? How do you see this happening?

Mr Clark: Ultimately the question of a deficit is up to the government side. In essence we are looking for a bit of both: a reprioritization—it may require a down payment on community health services; it may require an investment in the system as the transition ensues. Whether that would result in an addition to a deficit, whether that would result in a rejigging of the total health care budget, I don't know. But one way or the other, I think it behooves the government to pursue this proposal as each of the successive governments over the last 15 years have proposed.

Mr Prue: I'm not from this area, I'm from Toronto, but I would assume that Windsor has much the same problem, perhaps in fewer numbers, but the identical problem in terms of homelessness. We have about 6,000 people per night staying in the shelters and about another 2,000 or 3,000, depending on the time of year, living rough on the streets. A great many of them, not all of them, have mental health issues. Could I understand in terms of your community involvement, is it your intention as well to seek assisted or supportive housing to get these people with mental health issues off the streets?

Ms Hines: Our branch does provide supportive housing. We were pleased to receive funding about two

years ago for a homelessness initiative for 116 subsidized units where we provide not only the housing but also the supports to the individuals in those homes. That is a priority; it was mentioned in our provincial submission to this committee. People can't live in the community if they don't have shelter.

I think the other important thing, though, is that we don't create institutions in the community. As soon as you start congregating people with a mental illness, you're compounding the difficulties. I think what we want to do is create a community housing situation for those individuals, with adequate supports that go into wherever they live, whether it's their family, an apartment on their own, or wherever they choose to live.

Mr Prue: How many such units would you need?

Ms Hines: It's difficult to say right now, because sometimes people stop referring because we don't have the availability, but I would probably say another 100 units if we're to adequately support the individuals in this community.

The Chair: Thank you. We move to the government.

Mr Colle: Thank you very much for the presentations. As you know, the Premier and the Minister of Health have decided to go in a new direction when it comes to health care in Ontario. The direction is basically one of upstream solutions and prevention. We would like to try to help give direction to the ministry and the cabinet in terms of shaping this new budget. I think all of us around the table understand there's a deficiency here in helping people with mental illnesses. So how could you help us frame your request for help for these people in need in that framework of prevention that the government has now outlined as its new direction?

Ms Hines: I think early prevention and identification is absolutely critical in serving people with mental illness. For most mental illnesses, they are symptomatic in late teens, early 20s. I think if we can identify those individuals and support them prior to their first psychosis break, you're going to have a lot more success in treating them and supporting them, and they won't become as treatment resistant. We have 163 people on waiting lists right now. When people have a serious mental illness, you can't ask them to wait two years for service and not expect it to be more difficult. They are treatment resistant. Their families are hostile because they've been let down by the system and by the community.

If we can prevent the hospitalization in the first place and prevent them from becoming dependent on services such as ours by keeping them out of the system and keeping them connected to their natural supports, like in school with their friends, and catch them before they become socially isolated, we're going to be a lot more successful as a community in providing caring support to these individuals.

Mr Clark: I'd refer you to our Ontario division's proposal, which speaks specifically and makes a proposal as to early intervention. That would be a collaborative intervention with all interested in mental health, some with institutions, some with community groups. So I think that's how you might frame it.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much for what you're doing on an ongoing basis for the most vulnerable in society in terms of people whom even Kirby and Romanow indicated as not being addressed. I'm quite familiar with that, as I was parliamentary assistant to the Minister of Health for a couple of years, and I know the other demands in health care seem to superimpose all of the need for resources. Dan Newman, who was part of the consultations on the Making It Happen report, was my seatmate, so I was quite interested and did attend a number of the public sessions.

I think recommendation 4 is the coordination of services right across the whole thing. When you integrate into the community, it isn't just the treatment orders and things like that, it's housing, it's resources broadly, because their life is in a basket, technically.

I want to commend you again. That's really my only comment. It's a sense of almost helplessness. If you look at the homelessness issue, where do you start?

I just want to get a comment. Jean Achmatowicz-MacLeod did the divestment report for the Central East mental health facility at Whitby. She's a personal friend. I know her, she's a member of the Order of Canada, a wonderful, committed person, like yourself, I'm sure. You know what the divestment is. It's really become a part of the community hospital group. I believe it's important to go forward with that step. I really think it's critical for that whole coordination piece. Would you just comment on that divestment initiative, which we failed to do in the case of Central East.

Ms Hines: In terms of what's happening with St Thomas and any kind of regional divestment, I think we have to be vigilant to ensure that the dollars that were in the system actually go out to the communities and that there is an equitable process to ensure that each community is provided the appropriate resources to support the individuals in the community as compared to the bed supports that used to be there. For example, if St Thomas is divesting beds, you don't just divest the beds. What about the collateral services for rehabilitation that were attached to those beds?

1050

Mr O'Toole: They've got to go to the community.

Ms Hines: Exactly. You can't divest the beds in isolation.

Another concern in terms of regional divestment is, if a hospital has a regional program with in-patient services and they decide they're not going to provide them anymore and they're going to provide out-patient services, how does that help us in Windsor-Essex? A lot of the time those dollars end up in the community in which the hospital was located instead of an equitable process for determining how those services can be provided on an out-patient basis in the other communities in the region. When you ask about how dollars should be reallocated, in addition to dealing with the operating budgets, which have not been addressed for 12 years, ensure that the dollars that are already in the system are distributed on an equitable basis, especially in divestment of hospitals.

The Chair: Thank you for your presentation this morning.

VICTORIAN ORDER OF NURSES, WINDSOR

The Chair: The Victorian Order of Nurses, Windsor. Good morning. You have 20 minutes for your presentation. You may allow time for questions if you so desire. If you would, please give your names for the purposes of our recording Hansard. You may begin.

Mr Jeffrey Beach: Good morning. I'm Jeff Beach. I'm the executive director of VON, Windsor-Essex county branch.

Mrs Phyllis Hicks: Good morning, Pat and committee. I'm Phyllis Hicks. I'm the president of the board of directors of the VON. We really appreciate the opportunity to address you today, not only on behalf of VON but on behalf of the multiple number of Ontarians who are in desperate need of health care and community support services.

VON is a non-profit, charitable organization that has been in Canada for over 100 years. With a network of branches across the county and country, VON boasts 8,000 employees and 15,000 volunteers. The VON presence is felt in communities across Canada through the development and implementation of a variety of programs and services including nursing, home support and volunteer programs. Each local branch is very unique, as it really reflects the makeup of its own community.

VON is the recognized leader of community health and social services in Canada, and it has been awarded full accreditation to the standard that the Canadian Council on Health Services Accreditation has set. We provide services where Canadians live, work and play. We are guided by the principles of primary health care, community development and quality management.

We believe that individuals have primary responsibility for their own health and that they have access to comprehensive and compassionate family- and community-centred health care, and that is a right of all individuals. We respect the value and dignity of human life and believe that community health services of assured quality are essential. I don't think anybody would really argue that principle.

The VON commitment to activities that improve the health of Canadians is articulated in our mission statement:

"VON Canada, a charity guided by the principles of primary health care, works in partnership with Canadians for a healthier society through:

- "(1) Leadership in community-based care;
- "(2) Delivery of innovative, comprehensive health and social services; and
- "(3) Influence in the development of health and social policy."

VON is proud of our heritage and the significant role we play, and continue to play, in Canadian society. We understand and share the culture and values of our people

and are confident in our ability to provide services designed to enhance and improve their quality of life.

Mr Beach: I'd like to comment now on the home care and community support services in Ontario. Ontario has the highest health care budget in the country and represents Canada's largest provincial population group in need of home and community care. The health care system is made up of three key pillars, those being acute care, long-term facility care and home care and community support services.

Home care and community support services play a key linking role between the acute-care sector and the long-term-care facility sector. Home care services comprise medical and support services provided in the home setting to meet the needs of individuals and their family and volunteer caregivers. Home care in Canada is often defined as "an array of services enabling Canadians, incapacitated in whole or in part, to live at home, often with the effect of preventing, delaying or substituting for long-term-care or acute care alternatives."

In Ontario, the community care access centre or CCAC system, which is comprised of 42 centres across the province, contracts with 60 direct service providers—both not-for-profit, such as VON, and private home care services—to deliver services such as nursing, home and personal support and therapies. The total budget for these is \$1.2 billion or 4.2% of the Ontario health care budget.

The Ontario health care budget for 2003-04 was \$28 billion in total, and the portion allocated to acute care, long-term care and home care was as follows:

—For acute care or hospital services, there was \$11 billion allocated, serving 1.4 million clients, which works out to about \$7,500 per person.

—Long-term-care in facilities: \$1.8 billion allocated, serving 65,000 clients, which equates to \$27,692 per person.

—Home care and community support services, which can be split between CCAC home care and community support: CCACs were allocated \$1.2 billion in funding, serving 440,000 clients, or an average of \$2,727 per person. Community support services, on the other hand, served 750,000 clients under a budget of about \$300 million, which equates to only \$401 per person.

Both the Hollander report and the Romanow report acknowledge that home and community care are integral to the continuum of health care in Canada and to making our health care system function more efficiently and effectively. Home and community care can often prevent or delay, and often substitute for, admission to hospitals and long-term-care facilities, at a lower cost of care, which is evident from the figures that were provided.

The growing elderly population wants and needs access to home care and community support services. In 2001, it was estimated that 3.92 million Canadians were 65 years of age or older, two thirds more than in 1981. The senior population is expected to reach 6.7 million in 2021. According to the 2001 census, 18.2% or 4.58 million Canadians over 15 years of age devote some of their time to caring for a senior, and as many as 2.85

million Canadians provide support to family members who have disabilities. Clients without appropriate family support are forced back to hospital or long-term-care facilities.

As family caregivers continue to play a growing role in providing care, their need for adequate support in the home and community is also growing. Families are feeling increased stress due to the fact that they have to perform medical procedures that would normally be reserved for health care professionals. Research has proven that unsupported family caregivers experience undue stress, often resulting in their utilization of the health care system.

Ms Hicks: Relative to the funding of home and community support services, in 1998 an increase of \$551.8 million over eight years was committed to the home and community care system to meet the needs of the 21st century in Ontario. Regrettably, the promised funding was frozen in 2001-02 and the home and community care system was thrown into disarray and instability resulting in significant cuts to service being made. In 2002-03, some \$25 million was released, leaving \$270 million—almost half of the 1998 commitment—still to be allotted to the home and community care system over the next few years. This has resulted in home care provider agencies and community support agencies across Ontario struggling to meet the increased demands of an aging population with a funding commitment that is two years behind.

1100

The loss of stable funding has meant that for many Ontarians and their family members the home and community care system has become unreliable. Stop-start funding to the sector has caused serious destabilization over the past three years as services are being cut to existing clients and wait lists are growing. Today, over 115,000 Ontarians are forced to either go without care or receive it in an institution. Ongoing underfunding of the home and community care sector will continue to result in premature institutionalization of the frail elderly and persons of all ages living with chronic diseases and disabilities. The costs associated with institutional care in long-term-care facilities are far greater than the cost of supporting individuals in their homes.

As Jeff said, long-term-care facilities average \$27,692 per person, while home care is \$2,727, and community support services are \$401. These are services to keep people in their homes and out of institutions.

Despite the government having transferred a great deal of health care from the hospitals to the community—and we all know this in health care—health care workers are being driven from the community back to the hospitals. Why? It's a result of lower wages—they're 20% lower in the community—part-time positions, lack of seniority and pension systems, and high expenses.

The increased competition from United States hospitals and health care providers has also had a detrimental impact on the number of health care professionals working here in Ontario. This province has lost highly trained and skilled health care professionals to United

States employers at an alarming rate—and I'm sure you all are very aware of that—because of higher wages, the strength of the American dollar and the incentives, such as the educational opportunities they offer and the signing bonuses. The impact of this competition is felt at an even greater level in Ontario's border communities like here in Windsor-Essex.

What is even more disconcerting is the number of new graduates from Ontario nursing programs who are working out of the province. In fact, almost 100% of the students who are graduating from the school of nursing here in Windsor are planning on leaving Windsor and going to the United States once they finish their education and their certification. I've talked to them. Have you talked to them? Ask them. I haven't found one yet who says they're going to stay here in Ontario. That's sad. We're in a desperate situation here.

A health care crisis is imminent if the nurses who are now providing much-needed community care are leaving the sector to work in more financially rewarding and secure nursing positions. A shortage of community nurses will leave many Ontarians without the health care they need to remain independent in their homes and in their communities.

In addition to home care services, there are 360 not-for-profit community support agencies in Ontario that provide community support services such as Meals on Wheels, the Alzheimer day care programs, home and personal support programs, supportive housing and transportation programs—all services that people need if they're going to be able to stay in their home. There are over 750,000 Ontarians who receive these services annually. The budget for these services is \$300 million or 1% of the Ontario health care budget. For each dollar spent by the government, clients receive approximately \$1.40 of service due to the contribution of so many volunteers. The budgets for these not-for-profit community support service agencies are funded by the Ministry of Health, but not fully. Only about 60% of the actual expenditures are funded by the Ministry of Health. The additional monies need to be raised through donations, client contributions and fundraising efforts.

Community support services have only received a 5% increase in case funding in the past 10 years, while the cost of living has risen over 40%. Many agencies are in jeopardy and have had to ration the amount and quality of services they provide. Agencies are at risk of closure in 2004-05, due to the current funding crisis. Some community support service agencies are currently projecting deficits as high as \$20,000 to \$150,000. Cuts as high as 30% have been made in their services already. With the projected deficit, this number will increase.

In addition to services having to be reduced and wait lists having to increase to offset the deficits, there will be escalating difficulty in recruiting and retaining staff here in Ontario, and in finding volunteers. No doubt the health and well-being of Ontarians will be put at risk.

VON provides home care through the CCAC, and that's based on the request-for-proposal process. As well, we do deliver some community support services.

Mr Beach: VON's recommendations: VON believes that there must be a systemic approach to the delivery of health care, including all sectors involved in the health care continuum. Absence of the systemic approach results in duplication of effort and inappropriate resource utilization. This will ultimately lead to gaps in the provision of health care as demands increase. VON believes that there are currently sufficient monetary resources within our system. However, in order to sustain and continuously improve Ontario's health care system, we recommend:

First, that the home care portion of the Ontario health care budget be increased to ensure that home care becomes an integral part of the care that people want and expect to receive as part of a comprehensive continuum of care. Some \$70 million is needed immediately to restore lost service and reduce the waiting lists in the home care system.

Second, that funding levels be provided to support wage parity for home and community care workers with nursing homes and hospitals. As Phyllis mentioned, we have a human resource crisis in home care services and we need help. Salaries are much lower in the home and community care sectors than for similar positions in hospitals and nursing homes. Steps must be taken to resolve this crisis in staff recruitment and retention to ensure that workers will be available now and, even more urgently, in the future to support people living in the community.

Third, that the \$50 million Premier McGuinty committed to in his first budget be injected immediately into community support services for our base budgets. Adequate funding is required to meet current and future service needs of our aging population and to prevent agency closures and withdrawal of services.

Fourth, that there be a commitment to multi-year funding in order to guarantee a stable flow of funds from one year to the next. With the growing and aging population, the recognition that service needs will increase must be acknowledged through a long-term commitment to regular and steady funding. Predictable funding supports planning and innovation to increase our efficiency and quality services and to meet the current and emerging health care needs of Ontario's communities.

As a director of a local branch of a community support agency, I can tell you it's very difficult for us to plan for any sustainable programming without multi-year funding and community support.

In conclusion, as a leader of community health care and social services in Canada for over 100 years, VON is well poised to work with the Ontario government and all levels of government to improve the home and community care systems and ensure that service is appropriate and available for Ontarians, not only today but also in the future. This can only be achieved, however, by immediately addressing the current funding and recruitment and retention issues that we face in this important sector.

VON believes that the strategies outlined in *The Health Care We Need: The Ontario Liberal Plan* for

Better Health Care are a positive step toward building a strong base from which to create solutions for improving health care in Ontario. More specifically, VON supports hiring 8,000 additional nurses; hiring more nurse practitioners—we have two nurse practitioners working for us in the community of Lakeshore and I'm sure Mr Crozier would agree that they've been embraced by the community and they're providing excellent services to the community; creating more nursing school spaces so that we have a stronger future; strengthening home care so seniors can stay in their homes as long as possible; helping underserved communities attract and retain health care professionals; and investing in home care so that Ontarians can receive better care in their homes.

We applaud the Ontario Liberals and their commitment to provide the investment needed to ensure that home care services, including homemaking and personal support services are available to all Ontarians who need them.

VON pledges its commitment to the government to work together in ensuring that Ontarians get the health care they need when they need it.

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The Chair: Thank you. We only have time for one question, and in this rotation it will go to the government. Two minutes.

Mr John Wilkinson (Perth-Middlesex): We saw a similar presentation yesterday in London from the London-Middlesex VON, and the thing that struck me—and we were saying this yesterday—is that you make such a compelling case about how if we just put the money into home care, that is so much less expensive.

The thought would be, if you went to the Minister of Health and the Minister of Finance and said, "You've got people in acute care beds that are costing \$27,000 a year"—if we didn't have your sector and we were spending \$27,000 in acute care beds, \$7,000 in hospitals, and someone came along and said, "If you spent \$401, we would help solve your problem," government would jump to say, "We're running a deficit. That would be wonderful."

I think it's just so underutilized and I think we have to see that in a new light, that this is the most compassionate and the most cost-effective thing to do about reallocating limited resources where people can best be served and where they are in the comfort of their own home and surrounded by their family.

The question I have—and I get this in my riding of Perth-Middlesex—is the burnout of volunteers and how more and more is being dumped on to the people who are helping you. I was just wondering if you could comment on the status of your volunteers and just how close to the edge these people who are making your programs so successful are. What kind of stress are you under there?

Mr Beach: I could see us being under two stresses. First of all, the volunteers are under a lot of stress because, as you said, they're being almost dumped on more and more. We're calling on people to do more and more and more in the community all the time.

The VON branch in Windsor-Essex county has approximately 300 active volunteers at any given time. A lot of those are used to deliver community support services such as Meals on Wheels. Meals on Wheels can be a very rewarding experience, but it can be very challenging too. You can imagine, especially this time of year, those of us in the sunny southwest aren't used to as much bad weather as we've had lately.

These people are out in the rain and the snow; they're delivering meals. On average, they have about 20 people on the route, and they're given a certain section of the area to cover. So they're under a lot of pressure. In a lot of cases, they are the only human contact that these individuals have, especially for people who don't have family in the community.

Secondly, I would say another big challenge for us would be in the actual recruitment of volunteers because of the fact that we're one of many agencies in the community that's looking for volunteer resources. So we're doing more. We're putting more effort into volunteer recruitment and retention and training because they're such an important part of the service that we provide. But it's becoming increasingly difficult.

We've been targeting our efforts toward the younger retired folks. As you know, a lot of our population is employed in the auto industry and a lot of these folks are able to retire earlier than maybe they had in the past. So we're targeting them to get them out and working. We also target people who are working shifts, so that, say, for Meals on Wheels, they might be able to deliver when they're on an afternoon shift.

We're trying to be innovative. We're trying different recruitment strategies, but we're always facing a shortage of volunteers. We're finding that our volunteer base is getting older too. As that happens, these people are getting sicker and some of them end up going on to these support services themselves.

The Chair: Thank you for your presentation this morning.

Mr Beach: Thank you very much. We appreciate the opportunity.

Mr O'Toole: With the indulgence of the committee, we have tried to—

The Chair: Do you have a point of order?

Mr O'Toole: Yes. On a point of order, Mr Chair: That the finance and economic affairs committee recognizes the need for investment in health care, and the VON specifically; and recommends to the Minister of Finance that the following promises made—

Mr Colle: It's not a point of order.

Mr O'Toole: This is a motion, Mr Colle. I would like to, with your indulgence, read it.

The Chair: Are you making a motion, Mr O'Toole?

Mr O'Toole: Yes, I'm making a motion, and if I could, I have the floor, Mr Chair. I appreciate it.

The Chair: I'm just asking. You've changed to a motion now?

Mr O'Toole: To a motion.

That the government hire an additional 8,000 nurses in Ontario, in part through the creation of more nursing school spaces;

That the government fund more positions for nurse practitioners, who play a vital role in delivering better family health care;

That the government work with communities to improve programs to attract and retain health professionals in rural Ontario. This will be achieved by:

Improving incentives for doctors to work in underserved communities, such as job placement for spouses of physicians;

Expanding initiatives to train medical professionals in the north; and

Partnering with communities to create family health teams.

That the government increase the standards of care in Ontario nursing homes and ensure those standards are met through proper inspection;

That the government immediately inject \$50 million into community support service based budgets.

I move that this motion now be put on the table.

The Chair: Any comment or debate? Seeing none—

Mr O'Toole: If I may comment, I would ask other members: It is in response to what we heard from Mr Milak yesterday in London and what we've heard from the Victorian Order of Nurses, as well as the ONA, who had their reception last week in Toronto—that this promise, 8,000 nurses, not in year one, and also addressing the new graduates and the lack of opportunities. There's no initiative that I've heard of. I want to know today if there's anything I can expect in the budget that will make sure that the money and investment the people of Ontario have made in the education of the nurses who are graduating this year in Windsor and across this province—that they will have an opportunity to work in this province. That can be done by this government. That's all we're putting, that we're trying to make some vital use of the input from the communities that we've heard from.

Mr Colle: On a point of order, Mr Chair: The purpose of these hearings is to hear from deputants who have come a long way.

The Chair: That's not a point of order.

Mr Colle: The point of order is that there is an order and a proper time to put motions, and that is during the report writing stage. He is out of order by taking up the time of the deputants who are waiting in line and want to be heard. We don't want to hear from the MPP at this time. There will be a time, and the order is during the report writing. We are here to hear from the people and we will get his motion at an appropriate time per the sub-committee report as has been done by other committees in past years. He is trying to jump the queue ahead of people who have the right to be heard.

Mr O'Toole: Mr Chair, with all due respect, I know procedurally that a motion is permitted. I now request that you put the question. I ask for a recorded vote.

The Chair: All those in favour of the request that the question be put.

Ayes

O'Toole, Prue.

The Chair: All those opposed? Carried. It was a recorded vote.

I'll read the motion. The question was put that the motion be put.

Mr O'Toole moved "that the standing committee on finance and economic affairs recognize the need for investment in Ontario's health care system; and

"That the committee recognize the recommendations brought forward by the Victorian Order of Nurses;

"That the committee recommend to the Minister of Finance that the following promises made by the Liberal government during the recent election be kept and included in the 2004-05 provincial budget:

"That the government hire an additional 8,000 nurses in Ontario, in part through the creation of more nursing school spaces;

"That the government fund more positions for nurse practitioners, who play a vital role in delivering better family health care;

"That the government work with communities to improve programs to attract and retain health professionals in rural Ontario. This will be achieved by:

"Improving incentives for doctors to work in underserved communities, such as job placement for spouses of physicians;

"Expanding initiatives to train medical professionals in the north; and

"Partnering with communities to create family health teams.

"That the government increase the standards of care in Ontario nursing homes and ensure those standards are met through proper inspection;

"That the government immediately inject \$50 million into community support service based budgets."

Mr Prue: Recorded vote.

Mr O'Toole: Recorded vote.

The Chair: All those in favour?

Ayes

O'Toole, Prue.

The Chair: All those opposed? The motion is carried.
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Mr Colle: On a point of order, Mr Chair: In light of the fact that the main purpose of these hearings is to hear from deputants and not to have individual members pursue their own agenda to basically circumvent the rules, as agreed upon by the subcommittee, as agreed by past precedence committees and how they operate, I'd like to move a motion.

I move that, in order to ensure that all scheduled presenters are treated with respect and dealt with without delay during the committee's public hearings on pre-budget consultation, the committee adopt the following procedure:

That notice be provided of any proposed motions that would refer to issues that would normally be included in the committee's report-writing stage;

That the time limit for providing notice of a proposed motion be up to two minutes;

That, upon notice being given of such a proposed motion, each party be allowed up to two minutes to respond to the proposed motion;

That, following any responses, the committee postpone further consideration of the proposed motion until the committee commences its report writing; and

That adoption of the above notice procedure would not limit in any way the right of committee members to move any proposed motion during the committee's report writing stage.

The Chair: Any comment or debate?

Mr Prue: On a point of order, Mr Chair: I would think that since we have already agreed to the rules—it may be in order, but could I seek some direction from you? Does this require unanimous consent because this is in opposition to the rules that the committee adopted at the first point of sitting?

Mr Crozier: At the first meeting?

Mr Prue: In Toronto, yes.

The Chair: We will look over the motion and take a 15-minute recess.

The committee recessed from 1125 to 1138.

The Chair: The meeting will come to order. The motion presented by Mr Colle is in order. Any comment or debate?

Mr O'Toole: Mr Chair, I first would ask the clerk, through you, if this motion is in order, because in my view it attempts to amend a subcommittee report that was adopted by this committee.

The Chair: The motion is in order, because it does not contradict the subcommittee report.

Mr O'Toole: I would put on the table that in my view it does.

Mr Wilkinson: On a point of order: Are you challenging the Chair?

Mr O'Toole: I'm not challenging the Chair; I'm speaking to the motion. It suggests there is nothing in the current subcommittee report that prohibits the moving of motions during deliberations. This does modify that unanimous subcommittee report.

If I may, Mr Chair, while you're listening to the clerk, in Niagara Falls we did set somewhat of a protocol or priority. We tried yesterday and were pre-empted. The Liberal caucus unanimously defeated any attempt to table any motion ending the sessional day for us. With respect to the presenters, it is very important that substantive response is made to some of the input we receive, and it's not prohibited, in my view. All we're trying to do is tie

all of us together to some substantive input to the final report.

Having had the same role as Mr Colle in years past on this same committee, there is the opportunity for a final report, which in general lists the presenters and maybe an observation from the presenters, but really it goes into the cardboard box, which is called file 13.

Mr Crozier: That's what your government did.

Mr O'Toole: I would only say to you that those were the orders of the day. But anyway, I'm still waiting for clarification.

Mr Crozier: Now we have an admission of what their government did.

The Chair: To the member, there is no mention of motions in the subcommittee report. As well, the subcommittee report says March 10 is for report writing, which reinforces my ruling that the motion stands.

Further debate or comment?

Mr Colle: I put the question, Mr Chair.

The Chair: Are you asking that the question be put?

All those in favour that the question be put?

Mr O'Toole: On a point of clarification—

The Chair: We're in the middle of a vote.

All those opposed? The motion is carried.

Now we'll put the question on the motion.

All those in favour of the motion?

Mr O'Toole: I need a point of clarification.

The Chair: Mr O'Toole, we're in the middle of a vote.

Mr Prue: It was read kind of fast. I'd like to hear it again.

Mr O'Toole: With your indulgence—

The Chair: No. We're in the middle of a vote, Mr O'Toole. I will read Mr Colle's motion for the benefit of the members:

"I move that in order to ensure that all scheduled presenters are treated with respect and dealt with without delay during the committee's public hearings on pre-budget consultation, the committee adopt the following procedure:

"That notice be provided of any proposed motions that would refer to issues that would normally be included in the committee's report-writing stage;

"That the time limit for providing notice of a proposed motion be up to two minutes;

"That, upon notice being given of such a proposed motion, each party be allowed up to two minutes to respond to the proposed motion;

"That, following any responses, the committee postpone further consideration of the proposed motion until the committee commences its report writing; and

"That adoption of the above notice procedure would not limit in any way the right of committee members to move any proposed motion during the committee's report-writing stage."

All those in favour? Opposed? Carried.

Mr O'Toole: Mr Chair, I want to give notice that I will be tabling a number of motions, at an appropriate time not to cause further delay.

The Chair: We just read the new—

I call upon the Greater Essex District School Board to come forward.

Mr O'Toole: Mr Chair, we're at a critical time here. I'm giving notice that I will be moving motions.

The Chair: Is this a point of order?

Mr O'Toole: No. I'm giving notice, following what was just passed, that there will be motions during procedures between 9 and 4 of each day of sittings.

The Chair: Mr O'Toole has given notice.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

The Chair: I call the Greater Essex County District School Board. On behalf of the committee, I apologize for the delay but appreciate your attendance today and your patience.

Ms Penny Allen: First of all, I would like to bring apologies on behalf of my director of education, Mary Jean Gallagher, and the chair of our board, Gail Simcoe-Hatfield. They both had to be at a meeting in Toronto today, so instead I would like to introduce the people from the Greater Essex County District School Board who are here to present to the committee today.

Kevin Wilkinson is one of our trustees. He was here with us, but unfortunately he had to go back to work, so I send his regrets as well.

Heather Liffiton is the superintendent of special education, and I am Penny Allen, the superintendent of business for the Greater Essex County District School Board.

We'd like to thank you for the opportunity to provide information to assist the government in the preparation of the 2004 provincial budget. The Greater Essex County District School Board has information regarding funding that we hope will be valuable to the committee. It is divided into four areas: special education and children's mental health; building renewal; salary, benefits and other cost benchmarks in the student-focused funding model; and student transportation. The first two areas are the ones we are going to discuss verbally; the last two are included as part of the written brief you have in front of you. If we do have extra time, I might address them, but we'll concentrate on the first two.

Special education and children's mental health: We are a board with both a high number of special-needs students and a high number of students with severe issues such as autism, behavioural and developmental delays and other mental health issues. In fact, our board has formally identified 911 students as needing extra support due to high special needs. Of these students, 667 are identified as autistic, or behaviourally or developmentally delayed.

Our issues with respect to funds for special education are twofold. First, we strongly support the Ministry of Education's allocation process to assist high-needs students through the intensive support amount; second, there is an urgent need for a significant increase in

funding for children's mental health in our community. I will expand on these two concerns in the next two paragraphs.

The current funding formula for special education is divided into two main areas: first, the special education per pupil amount or SEPPA, which pays for general special education, including psychologists, and provides for special classes or support for students with moderate learning challenges. It is based on the total number of students enrolled in the board. The second key piece of the formula is the intensive support amount, which is called ISA level 2 or level 3, level 3 being more severe. The ISA 2 and 3 amounts are granted to boards based on claims that are audited by the Ministry of Education for specific students.

Our board supports the existing model of both SEPPA and ISA 2 and 3. You may be told by some school boards that preparing the claims for ISA 2 and 3 is a time-consuming process and uses a great deal of staff time, and that instead the government should just increase the SEPPA amount. We agree it takes time to prepare the proper claims, although this time is decreasing due to changes in the process; it's getting better. However, we do not at all agree with moving to a full SEPPA model. This model would be based solely on total enrolment in the school system, not on the number of special-needs students and certainly not on recognition of the severity of those needs. This is contrary to the principle of recognizing local and student needs. We suspect that boards that do not have a large number of high-needs students or students with severe needs are the ones advocating for total per pupil funding, and we are not in that boat by any means.

In addition, part of our board's concern—this is the second issue—regarding our special-education students is that some of our most needy students cannot access the care they need from the local mental health agencies—I know you listened to the Canadian Mental Health Association earlier, and I guess we're going to be supporting some of what they've said.

1150

These agencies have received inadequate funding from the Ministry of Community, Family and Children's Services, resulting in a large shortage of spaces for children and huge waiting lists, particularly in this area. The Windsor-Essex area is one of the most underserved areas of the province for children's mental health, similar to the situation in the Far North. These children have nowhere to go except to school and, by law, school boards must take them. We have no waiting lists, but nor do we have the level of intensive therapy available for these children and their families that they really need.

These children are very expensive to help. They would be much better served in agencies designed to address their needs specifically so that they can then be returned safely to a regular school setting. In fact, some students are so aggressive that they present a safety hazard to other students and staff and they must be put on a modified school day or repeatedly suspended for be-

haviour. For the sake of these children and the other, regular children in our system, the government needs to address funding to these agencies. We're not saying to the school board, we're saying to these agencies. They are the ones that are the experts in this area.

Research indicates that addressing these mental health needs at a young age significantly reduces later problems and the associated costs of dealing with the problems. This increased funding would be offset, at least in part, by the elimination of the ISA 2 and 3 funding for these students while they are in the care of these agencies. In other words, instead of giving it to us, give it to the agencies that are more the experts in this area, while these children are in care.

So that's the first part of our presentation, which is special education. The other one we wanted to highlight was building renewal.

Our board has the second-oldest stock of buildings of any school board in the province. The province has, as stated in the Education Equality Task Force chaired by Dr Rozanski, a backlog of \$5.6 billion in building renewal as of December 2002, and growing. Our board has a backlog of \$150 million.

Our board supports the two initiatives currently undertaken by the Ministry of Education. The first is a study to develop a plan to leverage large building renewal expenditures provincially by spending now and repaying through long-term financing over 25 years. This was also recommended by Dr Rozanski in his report. We support implementing this approach wholeheartedly. It would address not only the failing building systems but also the need to modernize our schools, particularly science and technical labs, to meet the new curriculum. It would also address an equity issue, which, since the new funding was announced in 1998, has not been addressed, and which the Education Improvement Commission pointed out very clearly in its second interim report. I'm just going to quote one little bit from the report:

"If the renewal grants are insufficient to provide the necessary facility renewals and program upgrades in these older schools, there will be a growing inequity in the quality of school facilities that are available to students, teachers and communities across the province."

The second initiative we support is replacing very old schools rather than spending more money in the replacement of individual building components. At the end of a building's life cycle, it just needs to be replaced, which the Ministry of Education has recognized in its funding of replacement schools in 2002 and 2003. We strongly recommend this part of the funding model, called "prohibitive to repair school replacement," be continued and expanded if possible. It is a matter of equity; boards with older schools are at a disadvantage in terms of providing a good physical learning environment for their students.

I think I have time to go into the other two, so with your indulgence, I will read them as well.

Benchmarks: As you will no doubt hear from many groups involved with the funding of education, the

salary, benefit and other cost benchmarks in the funding formula need to be fixed. This was also addressed in the report by the Education Equality Task Force which stated there was a shortfall of \$1.08 billion in the 1998 benchmarks for all costs. These benchmarks still form the foundation of the funding formula. None of the increases to the funding formula since 1998 address the key issue of the starting benchmarks being too low. Without an adjustment to the benchmarks, boards will continue to be underfunded. In other words, they've given us percentage increases, but on a base that was too low to begin with. That's the key problem in the benchmarks.

Finally, transportation, a subject near and dear to my heart since I'm responsible for that area: The student transportation funding model has not been revised since the mid 1990s, although some ad hoc funding was added. It is our understanding that there is to be a new funding formula for transportation for the 2004-05 budget year. We support the need for a new formula and hope it is equitable but not a one-size-fits-all model. We support the proposed requirement that boards must belong to a transportation consortium. Our board is part of a very successful consortium comprised of both our co-terminus English and French Catholic boards. We hope the model addresses special education transportation costs adequately, as this has been the fastest-growing transportation cost for our board as well as for many boards in the province.

In conclusion, again, we appreciate the opportunity to address the standing committee. We hope you found our input helpful to the process of preparing the provincial budget, which we all know is an onerous task. Thank you for your time.

The Chair: Thank you. We have about three minutes for each party and we'll begin with the official opposition.

Mr O'Toole: Thank you very much for your presentation. It is an important component of our standard of living on an ongoing basis. I wish you the very best with acquiring more funds in these difficult times.

I'd just compliment you on the observation on the transportation consortium. I fully agree, on the record, that unless they are coordinated transportation systems, I wouldn't give them five cents. OK? That's a fact. So in your work, I encourage you to—it seems like you're already doing it.

Ms Allen: We're there.

Mr O'Toole: But it's out of necessity you're doing it and that's really what I believe the funding, why they never bopped up the—they gave them \$30 million a year in supplementary funding just to sort of get over the bump. But good luck. I hope you go ahead and do it.

The only comment I have is somewhat observational. I did chair a special ed advisory committee when I was a trustee, and my wife is a special ed consultant—not my wife, my sister. I'm supportive but surprised that you would say that you would move to a non-integrated special ed model. I want to just go on to that, because we have with us today the deaf and hard-of-hearing. There

are many complex special needs today. Autism is just one example, where this acting out may play a role.

So you're advocating that the ISA funding, the intensive support amount funding, especially the high-needs group, level 3, would actually be allocated to service agencies in the community to provide the more relevant supports. I kind of agree with that, and that's my comment. Are you really saying to me you don't favour a fully integrated special education model?

Ms Allen: In our board we have a full model, continuum, right from one end to the other, and we do have a lot of integrated children who have ISA claims. What we're saying is the children we can't service in our schools, who are so severe, who need the special support, say, of the Canadian Mental Health Association, while they're in the care and getting the treatment they need there before they come back to us—we wouldn't have an ISA claim because they're not in our system. When they come back, of course we would have an ISA claim to support them, in either a segregated or an integrated setting, whichever better supports their need.

Maybe I'll ask Superintendent Liffiton if she wants to make a comment. She is our special education superintendent.

Mrs Heather Liffiton: Again, we do support integrated settings. In fact, we have a strong tradition of a full range of programs and services with the Greater Essex County District School Board. What we're saying is that within the ISA 2 and ISA 3 model, there are children whose needs are so severe that they require the expertise of those people associated with mental health facilities. We're not able to access those supports in the community at this time due to lack of funding for those supports in the community. They are sitting in our classrooms and our teachers are being bit and hit continually. We feel that we need to be able to access professionals through mental health facilities to come into the schools at least and give us advice about some of these psychotic conditions we're experiencing. We're not saying we would not serve these children. We would serve them better if we could partner with the children's mental health facilities.

There has been an interministerial review that I know has been going on at least since 1998-99. We've never heard the results of what the interministerial review of coordinated services is going to be. We continue to have to, I think, water down our services to children with mild and moderate needs because our services are consumed by the students whose needs exceed what the school is able to provide in a school setting.

1200

The Chair: We'll move to the NDP.

Mr Prue: My question will revolve around your proposal that ISA 2 and 3 continues to be used. You are right, every other person—every other one; probably five or six—who has been here on this issue has said exactly the opposite of what you're saying. I need to understand why you are saying this, because if you go to the system being described by the others it will save an inordinate

amount of money and staff time and will include all children, not just those who are able to be assessed. In the Toronto area—I can't speak for Windsor—there are literally thousands of children who have not yet been assessed because it takes eight to 16 hours, I understand, depending on the child, for each assessment. Why would you want to maintain this system when the other system will work equally as well, be more cost-effective, include all children? I don't understand.

Ms Allen: It's quite simple. Let's do the math. You have two school boards. We'll say they're the same size, both have 20,000 students. They would get on the SEPPA system exactly the same amount of money for special education because it's based on your entire enrolment. So you'd get the same amount of money. However, the first school board has very few high-needs special education children. Maybe they have enough money to cover all their moderate-needs students and they're doing just fine. School board B has a lot of high-needs students. They get the same amount of money to address much more expensive high-needs students than school board A.

We see that as totally inequitable and ignoring the fact that one school board—this particular part of the world has a very high rate of autism, for example, so we have a lot of autistic children. Our board would get the same amount as a board that maybe has virtually no autistic children to provide service to children, because they both have the same number of students. It's one size fits all. Not all boards have the same level of high-needs students or the same severity, and they both get the same amount of money. For one, that may be more than enough money. They may be putting money into a special ed reserve. The other board would be terribly short to provide the service.

I understand the problem with the time to prepare the claims, but in the end if your claims are well prepared, at least you get the money to go back to these kids to have the supports they need. Heather and I were just talking. The ministry originally estimated that, on average, boards would have 1.5% special education children. We have, just in high-needs alone, not our moderate children—2.5% of our total enrolment is high-needs, very high-needs, identified ISA 2 and 3. For us, and for boards that have a lot of these high-needs children—I'm not saying the current system is perfect. The great fault of it is the time and the claims, but the alternative is that boards that have high-needs are not going to be able to address them and other boards are going to have an excess of funds. It's totally inequitable, in our opinion.

The Chair: We'll move to the government.

Ms Marsales: Thank you, Heather and Penny, for your presentation. We sincerely appreciate your patience over our procedural wranglings, which is ironic given the mess that was left with education. However, moving forward, clearly the new Ministry of Children's Services demonstrates the leadership that's necessary in this area.

I do have a question. I think it was some time ago that a study was put forward indicating that children make

much better progress in an integrated setting. I was a little concerned with your comment vis-à-vis the children in need being removed and put into some special service. Could you expand on that, or did I misunderstand that?

Mrs Liffiton: I think there's a misunderstanding, because we definitely promote a range of programs and services. We have an inclusive environment and it's very integrated in terms of our approach to programs and services. Where students appear to have very rare conditions and needs that exceed what the school expertise is able to deal with, what we're looking for is an opportunity to work closely with the community where we can access expertise, whether the student is going to the children's mental health facility for counselling and therapy throughout the school day or that therapist is providing consultation to us about how to manage specific behaviour. So we're looking for increased opportunities at local agencies.

Right now, section 20 schools are ISA 4 funded. When I worked in one of those facilities locally, we had 90 beds for children with mental health issues. We now have just a handful of beds. I don't know if anyone has made presentations about that, but the services have been significantly cut. We feel that the responsibility for those children has been downloaded on to school boards. The shared cost for those children does not seem to be a reality at this time.

The Chair: Thank you for your patience and your presentation.

To the committee members, the following group on your list has cancelled.

WINDSOR AND AREA HEALTH COALITION

The Chair: I would call up the Windsor and Area Health Coalition. You have 20 minutes for your presentation.

Mr Mike Longmoore: We expect to use significantly less. We have a fairly brief presentation. I'm going to read half—Mike Longmoore—and Dennis Siemon is going to read the other half and see where we go.

The Windsor and Area Health Coalition has existed since 1995, dedicated to fighting the disintegration of our public health system. We fought against the privatization of home care, the betrayal and destruction of the Riverview-Malden Park chronic care hospital community, the privatization of public health care services and its transfer to the giant US and Canadian insurance corporations, the gutting of health care transfers from the federal government, and in the mid- to late 1990s, the underfunding of hospitals, nursing and physician care. More recently, we opposed the closing of Villa Maria home for the aged. It was closed by Hotel Dieu Grace Hospital, at a terrible cost to the residents. In fact, the fears of the children who said their parents would die if they moved were realized.

We didn't win a heck of a lot of battles, but we kept at it and can take some credit for the fact that almost every

auto worker knows that the public single-payer delivery system gives Canadian assemblers a significant competitive advantage over similar operations in the US. I think stubbornness is an important factor in the ultimate success of the movement for rational, public health care.

Today we have a disturbing problem. Governments at all levels are saying, "We don't have the money." The federal government says it will replace \$2 billion it previously took away, if it has a sufficient surplus. The new provincial government, after promising the Canadian Taxpayers Federation that it would not run a deficit, suddenly discovered a deficit from the last gang of tax busters to inhabit Queen's Park.

Preventive and curative health care are foundations of a productive economy and a moral community and the foundation of a competitive and efficient workforce. We have seen the devastation that inadequate funding and privatization have inflicted upon the people of our community.

The privatization of home care: The VON talked about it. Every December, the CCAC runs out of money and cuts back critical services. Yet community care was the rationale for closing two acute care hospitals under the restructuring that began under the Rae government. This problem cannot wait for a budget surplus.

Lack of psychiatric care has been alluded to. Four Essex county residents—Dr Barnes of the social work school at the University of Windsor, Dr Demers, an OPP officer, and a child on Lauzon Road—were among those killed by people who were denied acute psychiatric care just the day before the killings took place. We have 800 children on waiting lists for psychiatric or psychological counselling, which impacts greatly upon the ability of schools to teach kids.

Parents have to give their children to the CAS to get treatment. Parents of children with developmental disabilities and their families face unsustainable emotional stress due to lack of respite funding, which can lead to disease, as was alluded to.

If a young man in Windsor underwent surgery and needed nursing assistance to walk in order to prevent an embolism and did not get that support and died as a result, is this a budgeting problem or is it a moral problem?

A letter appeared in the Windsor Star Wednesday from a Patricia Robinson of Amherstburg: "Later that night," at the hospital, "having to use the washroom, I found it in repulsive shape with human waste on the toilet, the seat and the floor. When I asked if it could be cleaned, I was told they do not have staff on the night shift for this purpose." She then asks, "What is going to happen in the near future if government keeps cutting back on our health care?" I think that's a valid question.

Windsor is in a border situation. We've been underserved since 1998, according to the government of the day in 1998. Doctors and nurses are lured to the States to work. Detroit hospitals offer as much as US\$10,000 to Windsor nurses to work in the States. Why would Windsor nurses work part time, moving from

hospital to hospital, if they can actually work and get the hours they need in Detroit? How are we going to deal with that issue? And I'm sure the other border communities are affected as well.

1210

If nurses are not paid sufficiently, they'll go to the States. If doctors are not offered opportunities to use and develop their skills and to have inadequate access to hospital facilities such as operating rooms, we will lose our specialists. We are continuing to lose them. How will the government deal with this crisis if they do not put more funding into health care?

A critical issue is the influence of the insurance, pharmaceutical, and health industries in Ontario. It's not just that we can't think of things. There is too much influence of the giant corporations. In spite of the fact that the great majority of Canadians support public medicare, private industry continues to encroach on the percentage of publicly delivered health care. During the 1970s and most of the 1980s, according to Colleen Fuller, private insured health care expenditure was around 25%; by the end of the 1990s, it was at 30%. What is it now?

The people want public health care. They are getting private health care. When my wife required medical care at the new year, all the so-called acute care clinics that were going to replace hospitals were closed and the hospital was a scene of absolute bedlam.

Dennis will continue.

Mr Dennis Siemon: The threatened plethora of private public hospitals under the new government of Ontario causes us great concern. Health corporations are lined up to move us toward private ownership of hospitals in Ontario. The evidence from the British Medical Association, the British association of chartered accountants journal, is that these hospitals in England are not a cheaper or more efficient way to supply medical service. They are more like the Enrons or the Hospital Corporation of America in their financial goals.

The people of Ontario have spoken clearly. Remember the Romanow report? They do not want private health care. Will provincial politicians have the courage to represent the people of Ontario in a creative way? Why could money not be borrowed directly from the CPPIT instead of the Canada pension plan-owned Borealis, which is in a joint partnership with private investors providing financing for hospitals and then progressively taxing the people of Ontario and Canada to make the mortgage payments? It would be a much safer investment than the flyers that CPP has been taking in the stock market since 2000.

If you have to, break the promise you made to the Canadian Taxpayers Federation, and keep the promise you made to the Ontario people. We will give you our complete support.

The Chair: Each party will have four minutes. We'll begin with the NDP.

Mr Prue: First of all, you've hit a number of areas. I'd like to go back to the lack of psychiatric care. You list

that four Essex county Windsor residents were killed over the last several years by people who were denied acute psychiatric care. Were all of these the subject of coroners' reports or media? How would one come to know this?

Mr Longmoore: I can't tell you if there were coroners' reports in the Demers affair. There probably was when the OPP officer was killed out on the 401 near, I think, Leamington, by somebody who was psychotic and racing to a hospital and got wrong information. I know they were reported in the press. Whether there were coroners' reports, I don't know.

Mr Prue: So the press reported that they were denied. Did anyone come and clarify that? I'm always a little bit leery about press reports, I have to tell you, because sometimes they seem to sensationalize.

Mr Longmoore: There were no contradictions; it was fairly factual. There was a small article about Dr Barnes, who was up at his cottage. There was an uncontradicted story about the OPP officer run down by a psychotic who got the wrong information at the hospital in London that they couldn't take him and in fact they could.

Dr Demers took his own son into the hospital the night before he was killed and said, "We have to get this child into the hospital." They wouldn't do it and the next day he was murdered.

The psychotic taxi driver—that's the only word I can think of—ran down a child on Lauzon Road and killed it, only a day after he was in the hospital showing extreme symptoms of psychiatric distress. I think that's a failure of the psychiatric system and the hospital system.

Mr Prue: You went on to talk about the problem of Windsor, being a border city, having a problem with the big lure of American dollars that one can see just to the north. It's a very strange place. I think it's the only place in Canada where you can look north into the United States. The lure has been ongoing for some time, maybe not for nurses but certainly for lots of people. There's quite a flow back and forth, is there not, of workers, one country to the other?

Mr Longmoore: Yes, there is. We're only five-eighths of a mile away from Detroit. It was only recently, in the last couple of years, that the big American hospitals began offering huge bounties for nurses to go over. The problem in Windsor was that the hospitals were putting nurses on part time, in my belief, to avoid paying benefits. So the nurses say, "Screw this, I'm going to Detroit and get a real job."

Mr Prue: So the problem is not so much that the Americans are offering the incentive. That's one small problem, but the bigger problem is that past governments have not offered full-time employment, have not offered benefits, have not offered security, have not offered what is now being offered across the river.

Mr Siemon: Yes.

Mr Prue: Do I still have time?

The Chair: Half a minute.

Mr Prue: Half a minute, OK. I'll just pass on the half minute.

The Chair: We'll go to the government side. Any questions?

We'll move to the official opposition.

Mr Jim Flaherty (Whitby-Ajax): Thank you for being here today and making the presentation. A good deal of your presentation deals with persons with mental challenges. I represent a community, Whitby, Ontario, that since 1917 has been the home of one of the largest psychiatric hospitals in Canada, and a relatively new one now which our government completed.

We also have substantial experience with persons as outpatients and living on the street. We developed, not the government but in our community, a series of group homes that have been remarkably successful and now receive substantial provincial government funding, as they should. So I understand your intense and heartfelt concerns, which are shared in other communities in Ontario.

I do want to raise an issue, though, about cutbacks in health care which you mentioned. This is the finance committee of the Legislature and we're doing pre-budget consultations. The regrettable reality in Ontario is that health care spending is going up at 8% a year, on average. Our economy, even on the projections of the current government, will not grow over the course of the next several years at anything close to 8% per annum. I'm sure you're familiar with that, and everyone in this room can anticipate that. We dream of that kind of economic growth, but it's not likely. How do we address that challenge?

I don't mean to be so long-winded. But governments can run deficits, which merely means our children will pay for our enjoyment, which I think is wrong, and I hope you share that view. Governments can raise taxes, which is another alternative. But a third alternative, and these aren't mutually exclusive, is that those who provide services in the public sector and broader public sector exercise restraint in their wage demands, perhaps to the level of inflation and not beyond. What's your view of that?

Mr Longmoore: On the question of restraint, the market determines wages. If certain people exercise restraint, the rest of the marketplace will—what you're doing in effect is saying let's get away from the market system.

Mr Flaherty: Well, there is no market in a universal health care system.

Mr Longmoore: There sure is. There's a market right across the river from us.

Mr Flaherty: You have competition from other countries, but within our own province—I guess I'm asking your view of whether people are willing to pitch in and be part of the solution. Yes, there's sacrifice involved, but it's important so that we can provide more services for people, rather than 3% and 4% wage increases for service providers.

Mr Longmoore: I don't buy the argument that we should ask the workers to restrain their wages below the market, because they just won't work. You know that yourself.

What we can do is mobilize our community—and we've got CAW retirees, who were alluded to earlier, to deal with some of these problems, to deal with the young fellow who died of an embolism because there weren't enough nurses to walk him up and down the aisle as they should have done. Get some volunteers in there, but at the same time, fight all levels of government to provide the resources to preventive health.

The pollution in this city is absolutely amazing and we have high rates of disease based on the level of pollution from the hydrocarbons in our community. Preventive health is important, but when somebody gets hurt, we've got to take care of him. If we end with an American system, the Hospital Corporation of America spends more time in court than it does serving patients.

The Chair: Thank you for your presentation this morning. We appreciate your patience as well. We appreciate it very much.

The committee recessed from 1218 to 1302.

The Chair: The standing committee on finance and economic affairs will come to order.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

I assume I'm looking over at the Windsor-Essex Catholic District School Board. Good afternoon. Welcome to the committee. You have 20 minutes for your presentation. You may choose to leave time for questions if you so desire. I would ask you to identify yourselves for the purposes of our recording, Hansard. You may begin, gentlemen.

Mr John Macri: My name is John Macri. I'm the chair of the Windsor-Essex Catholic District School Board. With me are Mr Moher, our director of education; Mr Marchini, our superintendent of business; and Mr Tim Halford, our communications director.

Good afternoon. May I begin by very sincerely complimenting and thanking you for recognizing and acknowledging all the ratepayers of Windsor-Essex county by your presence here today. The recognition and acknowledgement are appreciated by all of us at the Catholic school board.

The Windsor-Essex Catholic District School Board is proud to be a partner with the province of Ontario in striving to shape our learners to achieve their fullest potential. We too believe in the students-first focus in all that we do.

For our board, this focus is maintained through the implementation of our strategic plan, Blueprint for the Future. Student achievement, employee development, communication, and faith development are the four pillars of this comprehensive plan that has enabled us to rejuvenate and to have our system revitalized through Windsor and Essex county.

Our students, staff and parents now share in a positive partnership, enjoying the benefits of maintaining a focus true to the values of public education and, in our case, the gospel teachings of Jesus Christ. This clear and concise

direction has afforded us stability through a number of recent successes, some of which include: numerous long-term collective agreements, many new functional state-of-the-art facilities; the elimination of a long-term deficit; and improved provincial rankings in EQAO test scores, just to name a few.

The Windsor-Essex Catholic District School Board is proud to be responsible for the academic and character education of approximately 27,800 students in 50 schools. The board's jurisdiction covers eight different municipalities comprised of the former Windsor and Essex county Catholic school boards.

The Windsor-Essex Catholic District School Board has supported and will continue to support the Ministry of Education's objective of maintaining a fair and equitable funding model. Seeking input from affected stakeholders of the educational funding model is a positive first step. New initiatives must be well thought out, carefully planned and financially feasible. Advice and input from local school boards and education organizations should be obtained prior to announcements of new initiatives and distribution of provincial funds.

This brief will once again touch upon areas that have been highlighted in previous submissions.

The Windsor-Essex Catholic District School Board has eliminated an operating deficit of \$3.4 million through a number of difficult decisions.

—We closed nine elementary schools;

—We reduced the number of vice-principals, resource teachers and consultants;

—We increased custodian workloads. We reduced the number of superintendents;

—We reduced the complement of management and clerical staff. We consolidated all administrative offices to one location;

—We implemented health and life benefit premium copays;

—Member of various consortiums: gas, benefits, transportation, courier and purchasing;

—We reduced the number of department heads; and

—We also eliminated teacher-librarians at the elementary and secondary level.

For the 2003-04 fiscal period, the board has again submitted its revised estimates, indicating a balanced budget. Even though this is the case, there are a number of issues that continue to threaten the financial viability of the school board. These will be briefly discussed in the balance of our submission.

I would first like to discuss employee compensation. Recent increases to employee compensation of 3% in the 2002-03 year and a further 3% increase for 2003-04 have been appreciated. Maintaining a level of average compensation for the board's employee groups has and will continue to absorb all of the 3% adjustments provided by the ministry. The school board, like many other school boards, is also faced with contract bargaining pressures that seek to set new compensation benchmarks.

In order for the board to provide its secondary A4 maximum teachers with a salary of \$77,000, the prov-

incial average salary for September 2004, a 5.4% increase would be required.

Coupled with inflationary increases to employee benefit plans of approximately 6%, the board will be faced with a funding need for 2004-05 in excess of 4.2%.

For 2004-05, benefit costs for employee groups now average 18% for the Windsor-Essex Catholic District School Board. For teachers, the cost of benefits has risen to 14.8% of every dollar of wages paid.

The Ministry of Education funding formula still pays for 12% of a base salary of \$54,079 or \$6,490 per teacher. The board's cost of benefits has risen to \$9,470, which includes the cost to fund life, health, mandatory benefits and sick leave retirement gratuity provisions, a shortfall of \$2,980 per teacher.

This is in spite of the boards recent contract negotiations that have capped dispensing fees; instituted copays and eliminated sick leave gratuities for staff hired after 1999.

1310

It is recommended that the Ministry of Education recognize school board actual costs for life, health, mandatory benefits and sick leave gratuity payments through the formation of a compensation advisory committee made up of representatives from local boards and other provincial organizations.

Next, we briefly talk about school renewal. The Windsor-Essex Catholic District School Board uses RECAP, being the real estate capital asset priority planning program. This program has provided the board and its stakeholders with both financial and engineering statistical information on the board's 50 facilities.

A graph which is attached to our presentation shows there is a projected \$113-million discrepancy between funding dollars and the board's renewal-needs data over the next 20 years.

The board has closed nine schools that were too small and not energy efficient and were in need of millions of dollars of repairs. Other schools have been closed and rebuilt through the use of new pupil place grants. In spite of these steps, the forecast for the next 20 years presents a real financial concern.

A recent proposal to introduce a new school renewal funding formula that would provide funding to school boards over a 20-year period, based on the board's average facility condition index, would be of great assistance in bridging the funding disparity.

This approach would be similar to the NPPG formula in that boards would receive an annual per-student allotment that would be used to pay for a 20- to 25-year school renewal debenture. One million dollars paid annually to a school board will fund approximately \$13.5 million in school renewal repairs and renovations. This initiative would provide the necessary funds for boards to catch up with the backlog of maintenance repairs needed for aged facilities.

Our recommendation is that the Ministry of Education utilize the facility data provided through the RECAP

software and adjust school renewal funding formulas to assure long-term maintenance of school facilities.

Next, briefly, on transportation: For border cities such as Windsor, the events subsequent to September 11, 2001, have had a tremendous impact on busing costs for the local four-board consortium. Traffic congestion in both the city of Windsor and other municipalities bordering the city has resulted in the addition of several new routes. In the past, contracted vehicles could be double- or triple-routed, whereas since September 11 many of these vehicles are only contracted for one route. The increase in annual costs is estimated at \$300,000.

Our recommendation is that the 2004-05 transportation funding model takes into consideration the impact of September 11 on border school boards such as the Windsor-Essex Catholic District School Board.

Next, briefly, on the primary grade level, the 20:1 pupil-teacher ratio: The Ministry of Education has announced a plan to cap primary grade level—JK to grade 3—PTRs at 20:1. The current contractual PTRs range from 17:1 at the JK level to 24:1 for grades 1 to 3 students.

Mandating a 20:1 cap for JK to grade 3 students would require a significant investment in school board operations. The Windsor-Essex Catholic District School Board has analyzed the effect of a 20:1 PTR cap. The staffing and financial impacts are as follows: Teacher cost, at 65 teachers at \$50,000, is \$3,250,000; custodian costs would entail \$240,000; maintenance cost, approximating the cost at \$5,000 per school, is \$85,000. The total additional cost is \$3,575,000. In addition, portable classrooms would be required, at \$1.36 million. The total additional cost—operations and capital—would be approximately \$4,935,000.

Our recommendation: The board has reviewed a number of alternatives. As an example, the 20:1 cap for JK-SK students would result in an increase of three teachers and at the same time provide a higher level of educational service to early-years students at a cost of \$150,000 and the need for three additional portables.

Other issues we'd like to touch upon: There are a number of other issues facing the Windsor-Essex Catholic District School Board. These concerns are not unique to the Windsor-Essex Catholic District School Board but rather will most certainly be addressed by several other Ontario boards.

We'd like to discuss the school construction benchmarks as one of these issues. The benchmarks associated with new pupil place grant funding formulas—\$1,100 for elementary and \$1,560 for secondary—have not been adjusted since the inception of the funding formula. On most occasions, construction estimates prepared by board architects are exceeded by more than 10% during the tender process.

Since the inception of the funding model in 1998, school boards have dramatically increased their number of capital projects as capacities have been reduced and new pupil place grants generated. New construction has resulted in higher demands on large, well-established

construction companies. Higher demands have resulted in higher pricing.

Recent amendments to the Labour Relations Act giving school boards the opportunity to be classified as non-construction employers under the act may grant some relief in that tenders will not be restricted to general contractors and subcontractors who are signatories to the provincial ICI trade agreements. It is important that this provision of the act be maintained.

Our recommendation is that the funding formulas for new pupil place grant projects be adjusted to reflect current costs in various areas of the province.

In conclusion, the Windsor-Essex Catholic District School Board would like to emphasize its support of the principles of the current funding model. Further initiatives that are aimed at putting students first and enhancing their character and academic achievements will be supported by the Windsor-Essex Catholic District School Board if they are equitable and provided through increases in the benchmarks. The Windsor-Essex Catholic District School Board would be pleased to assist the Ministry of Education as it commences deliberations on the 2004-05 budget.

Thank you once again for providing us with this opportunity, and we compliment the government of the day for coming to Windsor-Essex to hear our views on behalf of those young learners and their families we are honoured to serve.

The Chair: We have about two minutes per caucus for questioning, and we'll begin with the government.

Mr Crozier: Good afternoon and welcome to the committee. Very briefly, on page 3, where you outline how you eliminated your operating deficit—and I understand why you had to take drastic steps in some cases to do this—you've noted that you reduced the number of resource teachers, in one instance, and "eliminated teacher librarians" is another one of the steps you had to take. What effect did this have on the education and the future education of your students?

Mr Macri: I'll pass that to our director of education, if I could.

Mr Michael Moher: In the case of the library services dimension at our secondary level, it certainly put some hardship on our program for a period of time. We are using a different type of approach, with para-professionals in the library. It is an adjustment. But with the benchmarks at the level that we were at, it would have caused us serious problems. We would not have had a collective agreement if we were not able to make some accommodations in that particular envelope in the past.

If the government sees fit to make some adjustments in the benchmarks, then that's something that our board could reconsider. But at the present moment, the money is just not there to meet the current compensation demands of the teacher group.

The Chair: We'll move to the official opposition.

Mr O'Toole: I appreciate that, and I also appreciate your indirect compliment that when we were government we did recognize the equity in funding of the separate

school system. I thank you for putting that on the record here today.

The other thing I was going to comment on is on page 5. I want to clarify that the average salary is \$77,000. I guess that does not include the additional \$9,000 for benefits and \$2,000 for gratuity. They're not included in that \$77,000?

1320

Mr Peter Marchini: That's correct. The \$77,000, in our estimation, is the benchmark that OECTA is attempting to achieve. Even in its own area right now, with the local coterminous board, they're over \$76,000, and that's prior to September 2004. But you're absolutely correct: The \$77,000 is maximum salary and would not include the cost of benefits. The benefits we have listed there for \$9,000 do include the retirement gratuity benefits as well—

Mr O'Toole: So it's \$87,000 as a basic salary?

Mr Marchini: Correct.

Mr O'Toole: That's actually not bad.

The last point, and my question, is the better use of capital—I hope you don't find this shocking. My children went to school on shifts—they're older now, and they're finished—because they had asbestos in the schools. They closed one of the high schools and used one high school for two high schools. They started at 8:30 and went to 12:30, and the other group started at 1 and went to 5 or 5:30. The buses, the computers, the books, the capital facility—teachers chose a shift. Is there any merit in that? You've got this great deficit in capital—not just you but across the province, billions. Why don't we use the capital better? Imagine using the computers more, the books more, the buses more—what's wrong with that idea?—and pay the teachers more, too. I have no problem with that; good teachers should get lots of pay. Do you feel we should even talk about making better use of capital?

Mr Macri: I can just give a comment.

Mr O'Toole: This could get you in trouble; I understand that. The boards will all be mad at you.

Mr Macri: Our high schools are at full enrolment. Our newer high schools are at peak capacity at this point. Our secondary capacity is where we have the majority of our students. So to entail two shifts—in one of our schools we have 1,600 students; it's at capacity.

Mr O'Toole: Thirty-two hundred. Eliminate a couple of high schools.

The Chair: We'll move to Mr Prue of the NDP.

Mr Prue: I'm wondering what you're trying to say on page 12: the 20-to-1 pupil-teacher ratio, which was a plank of the Liberals in the last election. What I see here, first of all, is that you have analyzed what that will mean: nearly \$5 million for your board, which I guess they're going to have to find if they implement that. But then you go on to say you've reviewed a number of alternatives, and you talk about the 20-to-1 cap for JK/SK and that that would cost only \$150,000 plus three additional portables.

Are you recommending to the government that they not honour the commitment and that they only do this for JK/SK? Is that what this means?

Mr Moher: No. Our advice is that they stage it in, one year at a time. It would accomplish a couple of things. It would reduce the overall cost to the program plus the capital cost. For some other boards, that's not a problem. For us, it's a significant problem, and if it were just phased in one year at a time, it would dramatically reduce the overall cost, if the government is committed to that particular program. Philosophically, we don't have a problem. It's just a matter of identifying what the costs are at our local level.

Mr Prue: And for your local level the best thing to do is start with the JK/SK?

Mr Moher: Yes. Our recommendation is to take it slowly, carefully. If they do the JK/SK for the first year, it will only mean three additional teachers in our school system and three portables.

Mr Prue: And then the next year you would do something else in kindergarten?

Mr Moher: Do grade 1, grade 2, grade 3—take four years to do it.

Mr Prue: But your group may be unique. The school system next door may have an alternative that's completely different.

Mr Moher: If you were to speak to the directors in probably Lambton, Sarnia or Chatham, they would want you to do it right away, because they have a lot of empty spaces. In our case, it's an issue where we have streamlined and reduced our capacity. Now we have a new government with a new direction, and we want to share with you how that new direction would impact us and our school system.

The Chair: Thank you for your presentation this afternoon, gentlemen.

CANADIAN HEARING SOCIETY

The Chair: I call on the Canadian Hearing Society to come forward. Good afternoon. You have 20 minutes for your presentation. You may leave some time for questions if you prefer. Please state your name for the purposes of Hansard. You may begin.

Mr David Kerr (Interpretation): Good afternoon everyone, I want to take this opportunity to thank you for inviting me to the table. My name is Mr David Kerr, and I'm the regional director for the Canadian Hearing Society here in the Windsor-Essex-Chatham-Kent region.

The Canadian Hearing Society is an established organization since 1940. We've been around a long time providing services to deaf, deafened and hard-of-hearing individuals as well as to their families. We provide a range of services to children straight through to seniors, and it is an extensive range of services.

I provided copies of our submission from the Canadian Hearing Society for everyone today. The topic we'd like to discuss today is the assistive devices program funding. It's our understanding that this committee

is considering cutting the funding for the assistive devices program. Since that information has gotten to our stakeholders and our consumers, we've received numerous phone calls and letters concerning this cut and how it would affect our consumers.

If we look at the statistics in Ontario today, the number of individuals aged 65 and over is 1.74 million. If we look into the year 2026, they're projecting double that number of seniors over the age of 65. Typically, seniors experience a hearing loss that would require them to purchase and utilize a hearing aid. The loss of the assistive devices program funding would incur an additional cost to seniors living on a fixed income that they may not be able to afford. According to the Charter of Rights and Freedoms and the Eldridge case, which was determined by the Supreme Court of Canada—it was argued that the government needs to provide public accessibility to all individuals, be they deaf, deafened or hard of hearing—we believe the Ontario government has a responsibility to provide complete accessibility and accommodation to all its citizens regardless of funding and the cost of funding. At this point, it is strictly a matter of each individual's right to access and freedoms, and it should be guaranteed to them. If that access is denied to them, it is a violation of their rights.

If I can refer to the number of letters, calls and e-mails we've been receiving from our consumers regarding this budgetary cut, I do want to say that I appreciate our opportunity to be able to come and speak to you today and share the concern that our consumers have regarding this. If I can perhaps relay a scenario to you that our consumers would be facing, it would be easier for you to understand the impact this would provide to the people of Ontario who have a hearing loss. I'll provide you with three different scenarios.

At this point, the assistive devices program will fund up to \$500 per hearing aid for a period of three years. The average cost of one hearing aid is approximately \$1,000. If the ADP funding—the \$500—were to be eliminated, the impact on the senior who requires that hearing aid in order to live independently would be that they could no longer afford to purchase it.

1330

Our seniors are able to function independently and live on their own in a safe environment because they can answer the phone; they know that somebody is at the door; they can receive Meals on Wheels. They can do all that because they're living independently, because of that hearing aid. If they can no longer afford to purchase a hearing aid, you're no longer enabling this senior to live independently.

Therefore, they would have to make the choice between either buying food or being able to live independently. It's not a tough decision to make. If you eliminate accessibility for them, if they can no longer communicate with their care providers, their family and supporters, then they're isolated. They're no longer safe in their own home if they can't hear their own smoke detector or fire alarm. They can't answer the phone when

their family or friends are calling in to check on them. They can't make a phone call to tell anybody how they're feeling because they can't hear anybody on the other end of the line.

Therefore, they are forced to move out of their own home and into long-term care. I would argue that there would be an increased cost to the government to support this individual in a long-term-care facility, as opposed to the funding that ADP allows them to purchase the hearing aid and live independently.

The \$500 for a period of three years is certainly more cost-effective than costing the government approximately \$24,000 a year for a long-term-care facility, not to mention, of course, the psychological impact on this individual no longer being able to remain in their own home and having to live in care. I think you can see the ramifications that it would provide, not only to that senior but also to society on a much greater level. Because our long-term-care homes are already underserved and understaffed, it would put an additional burden on our long-term-care facilities and an additional financial burden on to the government as well.

Another scenario I'd like to present to you would be that of a young, single, hard-of-hearing mother who has gainful employment and is able to do that because she has a hearing aid. If the ADP funding were eliminated, then she would no longer be able to communicate on the phone, no longer be able to attend meetings at work or perform well on her job. Therefore, she would lose her employment and be forced to live on social assistance to support herself and her children. So not only would we lose that person's independence, we would also lose the tax revenue and we would incur the expense of another person on our social assistance rolls.

The third scenario I'd like to present to you would be that of a young child in a regular, mainstream classroom who with a hearing aid is able to function independently, is able to create relationships with both her teacher and the other students. If the hearing aid is not there, is not provided for the student, she can no longer access the information, access education. They're frustrated with a system that's unable to meet their needs, which compounds their frustration and their inability to access mental health services for them and increases the stress to the family. So once again, just by eliminating the \$500 that ADP is supporting per hearing aid, you can see the large ramifications that it would provide in each one of these three scenarios.

I think that it would be very fair to present to you that the ADP funding is the most successful and effective funding we can provide as far as hearing aids at this point, and that to eliminate it would incur a further financial burden for you.

The former Premier said in 2001 that there were concerns about the delisting of audiological testing, and that the delisting of audiological testing forced individuals with hearing loss to pay out of pocket in order to get a hearing test. Since that was delisted, we see people now who are just forgoing the testing. They're

just not being screened. So I think it's been proven, now that they have to pay their \$50 for a hearing test, and they're not getting done, that these individuals are certainly not going to be able to afford to get their hearing aids. It is my fear that people are not going to be able to access these, that they will suffer severe barriers in their life. So I would urge you to strongly consider maintaining the current funding as it is.

Our recommendations to you are:

—That we keep the current ADP funding as it is, as we have proven that it is the best and most cost-effective method for all sectors in accessing hearing aids;

—If we could also explore further possibilities of alternative revenues for accommodation for individuals in accessing communication needs as well as safety needs for individuals with a disability so that they are able to live their lives independently and equitably, as every other individual in this great province is, and so that they can access employment and health care etc;

—That the government recognize that eliminating barriers is the most cost-effective tool we have. Once barriers are eliminated, the long-term effects are a cost saving to our government. They no longer have to increase spending in other areas and other sectors to meet the needs of the taxpayers if we can implement policies and procedures for contractors who must provide barrier-free design as well as barrier removal and preventive strategies in order to save costs in additional renovations to existing and future buildings;

—Finally, I recommend implementing clear policy development and design that would increase training against anti-ableism and anti-audism for policy-makers. By enabling this anti-ableism and anti-audism awareness training for policy-makers, we really will save all parties, including government, from costly and time-consuming legal battles.

I remind everybody that the ADP funding, as it currently stands, is in accordance with our Canadian Charter of Rights and Freedoms. Eliminating the ADP funding is a violation and contradiction of basic human rights that are guaranteed to Canadians and Ontarians.

The Romanow report on the Commission on the Future of Health Care in Canada, as well as the other reports that have been commissioned by the government and submitted to you, all stand in accordance with barrier-free access for all individuals. I strongly recommend that you maintain that.

The Chair: We have about two minutes per party. We will begin the questioning with the official opposition.

Mr Frank Klees (Oak Ridges): Mr Kerr, thank you very much. I hope you will forgive my back here.

Mr Kerr (Interpretation): That's OK. The accommodation for me is to look at the interpreter.

Mr Klees: I very much appreciate your submission. I have a question for you. By the way, I certainly support the argument that you made that the degree to which we provide independence ultimately, in the long term, will save the government a great deal of money and certainly will strengthen our communities. I do want to ask you a

question, though, because this committee is dealing with the challenge of affordability, whether it relates to this or other services that are being offered. I would ask your view on the issue of means testing. In other words, we obviously have people in our society who can well afford on their own—whether it be Mr Frank Stronach or others who may not be quite as well off as he, but certainly many of higher income. What is your view on the issue of means testing for services such as this?

1340

Mr Kerr (Interpretation): We could look at means, but I can say that the greater number of our consumers cannot afford these devices. Particularly, deaf people and hard-of-hearing people face low incomes because employment opportunities are not in place. There are a lot of barriers in the workplace, so a lot of our consumers end up relying on the government for funding, whether it's through ODSP, Ontario Works or something like that. Also, looking at many of our seniors who are on old age pension, they are on a fixed income and these costs are incurred on a yearly basis.

Really, if you look at every individual, we have a right to hear; we have a right to information and a right to communication. So to look at means, while that may be a viable option, I can say that the largest number of our consumers cannot afford this extra cost to have access to communication.

The Chair: We'll move to the NDP.

Mr Prue: I commend everything you have said here today. It is absolutely correct, there can be no doubt. I have to say, I was dismayed when I heard the Premier talk about delisting or charging seniors for hearing aids.

I don't really have a question, but I want to make this statement. I hope the government listens very carefully to what you have said today, because if the government's intent is to attack people with disabilities, or if the government's intent is to attack those who cannot afford even small expenditures like this, then I think they have started off on a very wrong path.

I was very proud of Mr Gary Malkowski, who came from the East York area and who represented the people, and me for a while, in the Legislature. The devices that he required enabled him to make a contribution to this province and to the deaf community that will be remembered for a long time. To have denied that to him, to have denied that to anyone, would have been a disservice to the people of Ontario. The Premier had better hear this one.

The Chair: We'll move to the government.

Mr Wilkinson: Thank you so much for coming today. I want to let you know that of all the people who have come, you have given by far the most eloquent presentation to this committee.

Mr Kerr (Interpretation): Thank you.

Mr Wilkinson: I have two questions; one, just quickly, as we deal with the financial implications. I saw your chart about the cost of \$167. Do you know what the total cost of ADP for hearing aids was in the province last year, just so we have a context of how much money we're talking about in the larger provincial sense?

Mr Kerr (Interpretation): You're talking about the expense that was incurred by ADP for individuals all across Ontario?

Mr Wilkinson: For hearing aids.

Mr Kerr (Interpretation): No, actually, I would not have that number.

Mr Wilkinson: I would ask that research get that for this committee, please.

My second question is—this is a new concept to me, point 5 about implementing anti-ableism and anti-audism awareness training. Could you elaborate about your concern, for a layperson like me? What is anti-ableism and anti-audism?

Mr Kerr (Interpretation): OK. That's something we are currently working on as an organization, but it really speaks to attitude. There is a perception generally that if you can't hear, then you are not able. There are many employers—large factories, large companies—that discriminate against people who can't hear with the assumption that they can't do the job, or sometimes there's the lack of desire to provide any accommodations. We as deaf individuals are trapped within the system. It has this attitude and perception that if you have a hearing loss, there are things you can't do. That system inhibits us from contributing to society. It's a sick system, and we really need to clean that up.

The Chair: Thank you for your presentation this afternoon.

LEGAL ASSISTANCE OF WINDSOR

The Chair: I would ask Legal Assistance of Windsor to come forward. As you may have heard, you have 20 minutes for your presentation.

Ms Marion Overholt: My name is Marion Overholt, and I'm a staff lawyer at Legal Assistance of Windsor. Our clinic is a joint facility of the faculty of law and school of social work at the University of Windsor and the Ontario legal aid plan.

Supporting us and present here today in support of this presentation are a number of social services organizations, and I'll just ask the individuals to stand as I call out their name and organization.

With us today from Citizen Advocacy is Jody-Lee Farrah, Pat Taman from the Well-come Centre for Human Potential, Pat Noonan from Taking Action on Homelessness Together Coalition, Mr Skip Graham from St Leonard's House, Elaine Isaacs from the Can-Am Urban Home Centre, Shelly Hodare from Housing Information Services, and Colleen Mitchell from the United Way.

In February 2002, we appeared before this committee, and our brief focused on three points: the need to increase disability and social assistance rates; the need to invest in affordable housing; and a request to end the clawback of the national child tax benefit from social assistance cheques.

Unfortunately, those requests were not implemented by the government of the day. On that day in February

2002, a variety of community agencies, school boards, labour organizations and health facilities all identified poverty as the underlying source of an increase in demand for services.

Educational institutions advised the committee that trying to teach hungry children whose home life was in constant upheaval because of evictions was next to impossible.

Despite the community consensus on the need to address poverty, the government of the day did not respond. Since that time, the following consequences have been observed: There has been a 119% increase in the demand for counselling and debt management; the city of Windsor rent bank has experienced a 147% increase in requests for services; emergency and transitional housing programs are reporting longer stays in emergency and transitional housing in addition to the reliance on food banks, meal programs, clothing programs and preventive financial support.

In Essex county alone, almost 800 people sought such assistance in the year 2003. There are over 3,000 families on the waiting list of the central housing registry, which is the access point for individuals and families seeking rent-geared-to-income social housing.

This community's services are organized and networked through the Taking Action on Homelessness Together Coalition. There is a host of services that struggle to keep their doors open to help low-income residents maintain food and shelter. The fatigue among the service deliverers is palpable.

However, when we look at why we have poverty in Ontario, it is important to recognize that we have poverty as a result of legislation. We have legislated poverty in the province of Ontario, and this government has the power to address this fundamental problem.

1350

When we look at the rates for social assistance benefits, they were cut in 1995 by 21.6%. The adequacy of welfare incomes has declined dramatically. Ten years ago, benefits were between 55% and 80% of what was needed to reach the poverty line. Now, benefits for single persons are only one third of the poverty line.

For single disabled persons, a single parent with one child, and other families with children, benefits are little more than about one half of the poverty line.

Across the province, typical rents far exceed the housing portion of welfare benefits.

You heard this morning a presentation by the home builders' association of Essex county, and they were saying that because of housing starts, we've seen a decline in rents. When you look at the figures that are available from the Canadian Mortgage and Housing Corporation, the rents have steadily increased since 2000, and those rents are well above the shelter proportion of social assistance benefits, whether we're talking Ontario Works or the Ontario disability support program. So it's important to keep that in mind.

It's critical then for the government to implement the following changes to social assistance:

(1) We need to raise the shelter portion of Ontario Works and ODSP to average rents in communities;

(2) We need to increase the basic allowance portion of Ontario Works and the Ontario disability support program to 1994 levels; and

(3) We need to index social assistance benefits to the cost of living.

Affordable housing is not just a social and health issue; it is economic policy. That's not a quote from a social activist; that's a quote from Don Drummond, who is a senior vice-president and chief economist with the TD Bank Financial Group.

I'm quoting from him. He says: "An inadequate housing supply can be a roadblock to business investment and growth, and influences a potential immigrant's decision on whether or not to locate in Canada."

As such, he added, "Addressing this serious situation ties in well with the goal of raising the standard of living for all Canadians."

At last count, 1.7 million households in Canada, or about one in five, could not find adequate and suitable housing without spending 30% or more of their pre-tax income.

We support the 1% solution, which calls on all governments to double their commitment to housing programs by restoring and renewing housing spending. A multi-year commitment is required.

The government's own figures show that for an average-priced home, lower interest rates have reduced monthly carrying costs by 25% from 1990 to 2002. However, average rents in Ontario rose more than twice the rate of inflation between 1999 and 2002.

This housing shortage creates a vicious cycle for tenants, who often tolerate slum dwellings in desperate need of repair, always fearful that their landlords will evict them at the first instance of a late payment of rent.

Municipalities have been saddled with the cost of provincial social housing programs. Funding housing from property taxes is bad public policy.

Emergency shelters are not the answer to the homeless crisis. We have witnessed the struggle that clients have faced when they have lost their accommodation and ended up on the street. The uphill battle to re-establish them in housing is huge. Each success story is tenuous as they are one financial crisis away from being back on the street.

Besides investing in social housing, the Ontario government should join with the governments of Manitoba, New Brunswick and Newfoundland and stop the clawback of the national child tax supplement. Since its inception, the Ontario government has prevented families on welfare from receiving the full tax supplement. This money belongs in the hands of families to provide for their basic needs.

The bottom line, to use financial lingo, is that it's a mistake to let the market overshadow human needs. It's the need of everyone to lower poverty rates and to raise the standard of living for people living in deepest poverty. This is the social deficit that must be given priority over the fiscal deficit.

As Minister of Energy Dwight Duncan has said, the government must be aware of the opportunity cost. What price will be paid if the government misses this opportunity to restore dignity and income to our poorest citizens? Can we afford that cost?

Every report on child poverty from 1989 onwards reports the deepening crisis. It is time to shore up our resources and protect our communities from the further onslaught of social decline and despair.

The Vice-Chair (Mr John Wilkinson): Thank you. For Hansard purposes, if there's any written material you would like to table with the committee, we would appreciate that. We'll now have questions. We have about three minutes for each caucus, and under our rotation I'd ask Mr Prue to go first.

Mr Prue: Thank you very much. You said a number of home truths here. I'd just like to get some statistics in terms of evictions in the Windsor area. We have noted across the province in many locations that since the Tenant Protection Act, the number of evictions has gone up and with a very solid reason: because once the apartment is vacant you can charge whatever the market will bear. So you get rid of people who aren't paying enough and you bring in people and the next time it's rented it's for \$300 or \$400 a month more. How often does that occur in the Windsor area? It's pretty common in Toronto.

Ms Overholt: The Ontario Housing Rental Tribunal sits weekly in Windsor. There are a steady number of evictions that take place. Windsor has been fortunate to set up a rent bank through the city of Windsor, which provides people with assistance on a one-time-only basis. The difficulty is, for people who are on assistance, getting help one time to avoid eviction is not going to forestall the long-term problem, because the next month they still won't have enough money for the rent. Without adjusting the shelter allowance of Ontario Works and ODSP, we're just going to continue to see that cycle of continuous evictions. They will continue to occur in Essex county and throughout the province, because there isn't housing available.

That's why we're saying that with the affordable housing initiative we need to build those units across this province. There have been a number of initiatives—Mr Klees, I was so sorry to see that Mr O'Toole had to leave the committee this afternoon. He was asking this morning about what to do with homelessness; it's such a big problem. I hope you'll be able to convey to him that what we're saying is we need to raise those shelter rates, you need to raise the rates of social assistance, because if you're putting more income into the recipient's hands, then they'll be better able to afford the rental costs, better able to feed their children and participate in the community.

The Vice-Chair: I'd ask Ms Marsales from the government.

Ms Marsales: Good afternoon. Thank you very much for making this presentation today. It's wonderful to see such a collaborative effort between all of your partners in

helping those who need the help most of all. I just have a question. I'm from the Hamilton area.

Canada Mortgage and Housing has recently suggested that the vacancy rates are starting to rise, therefore putting pressure on landlords to reduce rental rates, which may be of some assistance to some of your membership. Have you witnessed the vacancy rate increasing in this area?

Ms Overholt: Yes, I think there is an increase in vacancy rate, but it's outside of the market for people who are on social assistance and disability. I can give you some figures here. The average rent for a bachelor apartment in Windsor in 2003 is \$494. So if you're a single person on welfare, you're receiving \$520, and that's your whole monthly benefit for your food, your shelter, your clothing, everything. That would leave you \$26 for the rest of the month, so it's not feasible.

When we go through the list, the average rent for a one bedroom is \$650; your shelter allowance for one parent and one child is \$511. That's not looking at utilities. What we've seen with the hydro crisis is more landlords are moving to a situation of saying, "This is what I want for rent, and you pay your own utilities." It's very hard to find accommodations that include utilities. We regularly have clients saying, "I don't have the money for rent. I don't have the money for utilities. How am I going to get by?"

When you look at the work we do before the social benefits tribunal in trying to help people obtain disability benefits, so often we're seeing an increase in mental health conditions, and it's because of the despair that people experience trying to live in poverty.

Your minister, Sandra Pupatello—this is her riding, and we have every expectation that the government will keep those commitments to increase social assistance rates and disability, because it needs to happen now.

1400

The Vice-Chair: Now I would ask the member from the official opposition, Mr Klees.

Mr Klees: Thank you very much for your presentation. I think we've had some discussions in the past.

Ms Overholt: Yes, we have.

Mr Klees: In my time with community and social services, I recall that we had, I thought, some very positive deliberations. I'm interested in your comments relating to shelter allowance. I've wrestled with this, and actually had tried to advocate, unsuccessfully at the time, but I know we have the ears of the members of this committee, and in some ways it's a new day. You refer to Sandra Pupatello, who I know was a strong advocate of a number of these things. We'll be watching very carefully, and hopefully she will deliver on the many commitments that she made on these issues.

But with regard specifically to shelter allowances, would you be in favour of having variable rates, levels of shelter allowances across the province? Because the reality is that the rents in Windsor are in fact very different than the rents in Toronto or in Leamington or in London. Part of the problem, as I've observed it over

time, is what we often try to do at a provincial level is implement a policy that applies everywhere. We could, I believe, be much more efficient, much more cost-effective, if we were to look at individual, regional circumstances and make adjustments, perhaps not only in shelter allowance, but in fact for the basic rates as well. I'd be interested in your comments.

Ms Overholt: Absolutely, Mr Klees. In fact, what you're talking about is a market-basket approach to social assistance, and that was one of the fundamental recommendations of the Thompson report back in 1988. For members of government it should be required reading, because it was a five-year plan on how to reform our social assistance system. What it recognizes, as Mr Klees is saying, is that the cost of living in different communities is different, and to pay one blanket sum to people and say, "That should do it," isn't going to do it. You need to look at what the costs of living in those communities are and meet those needs in an adequate way with your social assistance programs. I think that's a fundamental area of reform.

Mr Klees: Mr Chair, if I had the ability—and I understand from previous proceedings I don't—I would love to make a motion here for the committee to endorse that the government seriously look at moving to that market-basket approach. Will you allow me to do that?

The Vice-Chair: Under our agreement, you have two minutes.

Mr Klees: I really would ask this committee to seriously look at this approach to dealing with the issue of support payments, both in the area of disability benefits for those who are on disability, as well as for those who are on the Ontario Works program. It recognizes the fact that we live in a province that is very diverse. The economic conditions—

The Vice-Chair: Mr Klees, is this a motion?

Mr Klees: It is my preamble to the motion. I would like to make the motion:

That the government seriously consider the benefits of moving to a market-basket approach to setting shelter allowances and basic benefits for disability benefits and for welfare benefits.

The Vice-Chair: Thank you. Under our agreement, both other caucuses have two minutes to speak to this.

Mr Prue: I will support that. I have to tell you, I'm somewhat flabbergasted that the member of the previous government is coming forward with such a good recommendation.

The Golden task force examining poverty issues, mostly in the Toronto area but I think across Ontario, recommended such an approach. They recommended that welfare recipients and ODSP recipients get the equivalent of 85% of the average that housing costs in the city of Toronto. It seems to me that once you resolve the issue of adequate housing, you resolve most of the rest of the problems of poverty.

The members opposite have to know that in adopting this, this will involve an additional expenditure, quite a bit of money. I'm hoping you can see your way clear to

do it. I'm hoping you can see your way clear to follow it, because if Mr Klees has seen the light, you should be able to see it too.

The Vice-Chair: For the government, Mr Colle.

Mr Colle: It is amazing that the road to Damascus leads through Windsor, obviously.

I think you made the key statement that governments can legislate poverty. We have a minister of the former government that systematically legislated poverty in this province, arbitrarily rolled back assistance 20%, clawed back child care benefits, made enemies of people who were not up to their standard and gave away \$13 billion in tax cuts to the corporate elite, basically. Now we have an attempt here to try to demonstrate—and I know you're too smart, that you're going to put in perspective where it's coming from.

We will assure you that, unlike the previous government—earlier today one of the members said that what they used to do with these hearings is they had a special box called file 13, and all the deputations were put in this box and never seen again—your advice, along with everybody's advice as we go across the province, will be considered. We're looking for specific strategies and remedies that will help us unlegislate poverty in this province as best and as soon as we can.

The Vice-Chair: Thank you very much.

Ms Overholt: I don't get to make a response to that?

The Vice-Chair: Unfortunately, not under the rules we have. I would like to call on the next presenter, though, because we have many people waiting for us to hear.

ESSEX COUNTY MEDICAL SOCIETY

The Vice-Chair: I call on our next presenter, the Essex County Medical Society. Welcome to the committee.

Dr David Paterson: Mr Chairman and committee members, good afternoon. I'm Dr David Paterson. I'm president of the Essex County Medical Society and a family physician here in Windsor. I want to thank the committee for this opportunity. Please excuse my voice. I'm recovering from a cold from being up in northern Ontario last weekend.

Mr Crozier: You'd better go see a doctor.

Dr Paterson: No, this takes rest time and chicken soup.

My prepared remarks will be short so there is time for some questions if you have any.

I've practised for almost 30 years in Windsor, and I have a firm understanding of the deep appreciation and value my patients, and in fact this entire community, have for our health care system; it's their number one priority. During this committee's travels and as you draw up your recommendations, I would ask that you keep that thought on the top of your mind, and understand that when you invest in doctors and nurses you are investing in your communities.

Living in a border community like Windsor, I have a clear view of the effect that not enough doctors has on

patient care, providers in the system and the entire county of Essex. In my almost 30 years of practice, I have seen the system slowly erode to the point where colleagues, both doctors and nurses, are choosing to leave Windsor and seek employment elsewhere—nurses especially in Detroit.

A recent landmark survey of 2,000 doctors in this province found that almost one out of every six doctors in Ontario is seriously considering moving their practice outside of the province. The survey suggests that an inability to treat their patients in a timely manner, the chronic shortage of doctors and a declining quality of life are contributing factors as to why doctors are considering moving to other jurisdictions.

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When asked about the state of the health care system in Ontario, the survey clearly shows that doctors are most concerned about the negative impact that results from physician shortages, general underfunding of the health care system and delays in treatment caused by waiting lists. The effect is very bad on patient care. In a similar survey completed three years ago, 75% of doctors felt that increasing the number of doctors in Ontario should be a priority, but now 97% feel that this is a priority.

When asked about their working lives and life satisfaction, doctors in the province reported low levels of satisfaction due to their inability to treat and refer patients adequately. Only 20% of physicians report being very satisfied with their lives as doctors in Ontario, and 75% feel that their quality of life has declined in the last three years. The survey suggests that working 50 hours a week, on average, having difficulty in accessing specialty care and diagnostic tests for their patients and sending patients out of province for care are factors attributable to this dissatisfaction of our profession.

With Ontario recently going through an election, I'm sure from your time on the campaign trail you know the difficulty your constituents have in getting timely medical care. While the causes for this are many, one major cause was the decision 10 years ago to cut medical school enrolment. Today we see the results: fewer doctors, longer waiting lists, and a system lurching from crisis to crisis.

My message to the committee is a simple one: Ontario doctors are looking to other provinces and other jurisdictions to practise medicine for more competitive remuneration. While this may not be a very popular message to politicians, it is nonetheless a fact. We need to once again make Ontario the most attractive place to practise medicine in the country.

If we are to retain the physicians we currently have and reduce the growing doctor gap by attracting new physician recruits, we need to make the fee schedule in this province the best in the country. Physicians are a highly skilled, mobile and valued commodity. The government has to recognize this, and addressing the short-falls in the fee schedule must be a budgetary priority.

Over the last four years, fee increases in Ontario have not kept pace with inflation and the rising cost of running

a practice. Furthermore, during the last four years, contracts reached in other provinces have resulted in a steady decline in the relative value of Ontario's fee schedule. Saskatchewan had an 8.3% increase; Manitoba, 9%; Quebec, 7%; Alberta, 8%. On top of these increases, arrangements were made for pension benefits and maternity leave. Compared to other provinces, we rank seventh among the Canadian provinces.

These gains in the other provinces now have Ontario as number seven when it comes to the fee schedule for physicians. It is no wonder that, as a result, we are experiencing extreme difficulties in recruiting and retaining doctors in the province. In turn, we have a million people in Ontario without the expert care of a family doctor, a figure that could triple in the next 15 years.

Despite the erosion of Ontario fees, our doctors remain committed to managing the medical system in Ontario in partnership with the government.

My colleagues here in Essex county are working longer and harder to deal with an older population and its complex medical problems. Doctors are living up to their obligations and are now looking forward to negotiating a new medical service agreement with the government.

We have demonstrated initiative and ingenuity in developing new ways to deliver care to our patients and new ways of providing payment to physicians to meet the needs of both doctors and patients alike in their respective communities.

As different as the regions of Ontario are, so are the medical needs of the communities in those regions. That is why physicians have worked hard with the government to design funding models that best meet the needs of the physicians in those communities. For example, we have introduced new payment plans for doctors in the north, emergency doctors and community service contracts for smaller towns and regions. Ontario is also leading the way when it comes to the team approach for primary care.

Just a couple years ago, fewer than 300 doctors were in primary team practices, but now, thanks to new agreements reached with the government, over 2,000 family doctors are caring for over three million Ontario patients in these new care models. They provide improved reward to our front-line family doctors for the delivery of comprehensive care, and they offer the flexibility that many of our younger doctors are looking for.

Ontario doctors are deeply concerned about the physician shortage in this province. The OMA has produced strong and practical recommendations to improve the physician human resources situation in Ontario. I understand that a colleague, Dr. Scott Wooder, provided the committee with a copy of those recommendations when he had the pleasure of appearing before you in Niagara Falls. I strongly encourage the committee to study those recommendations, as they have suggestions to address short-, medium-, and long-term solutions. For those who did not get a copy, they can be found by going to the OMA website: www.oma.org

Ontario's doctors are leading by example and are not asking the government anything they themselves are not

prepared to do. We are working to create new ways to improve the health care system and deliver care to our patients where and when they need it. The fact remains, however, that the system in Ontario remains woefully underfunded. Our population is growing and aging, and per capita health care spending has not kept pace. Our patients need more specialized and expensive care. There are major gaps in the continuity of care for many of our most vulnerable citizens.

Waiting lists to see a family doctor or a specialist are unacceptably long. Our emergency departments are overloaded. Doctors share in the public's frustration with poor access to limited health system resources. We have cut back and consolidated in the name of efficiency. The end result, however, is too often increased stress for providers and frustration and fear for our sick patients and their families.

Here in Essex County alone, we are short more than 41 family doctors. We need to improve physician morale. We need to improve doctors' perceptions of this province. There is no more room for cutting. It's time to move beyond the rhetoric and demonstrate the fiscal commitment we have seen in other jurisdictions, to improve the professional lives of our physicians and to provide the resources necessary to allow doctors to do the job they are trained to do: care for the people of Ontario.

I can tell you from my personal experience and from the experience of former colleagues of mine, and this is a very important point for the committee to remember: Once we lose our physicians to another jurisdiction, it is extremely difficult to get them back. We've likely lost them forever.

I'm the father of four children. I have a mortgage and monthly expenses. I know what it is like to deal with the challenge of setting a household budget and trying to live within one's means, even when the demands for more spending arrive on a daily basis. Our negotiations with your government to enhance medical care in Ontario are not about options and luxuries and things that can be put off until tomorrow, next year or the year after that. Physicians are fighting for the basics for their patients.

The OMA strongly believes these talks are a turning point. Our doctors are tired, frustrated and undervalued. The patients we see are sicker and require more time, and the support systems to meet their needs at home and in the community are lacking. How this province turns, in terms of the long-term health care of its citizens, is up to the current government. You can't pass the buck. You can't blame others. You must deal with these issues yourselves head-on.

There is nothing more upsetting to a physician than to have to explain to an anxious patient or family member that they will have to wait to receive medical care that he knows should be provided today. The Premier campaigned on delivering better care to the people of Ontario. If the government truly believes this, then it's time to do as Ontario doctors have been doing and step up to the plate and address the real issues that are driving Ontario doctors out of the province.

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My wish list for Essex County includes:

(1) The potential loss of two neurosurgeons in our community would be a devastating blow to the population of this county and as far away as Chatham. Improved funding, especially to Hôtel-Dieu Grace Hospital to address some of their needs, is critically important;

(2) Funding for a Windsor angioplasty unit is almost a no-brainer, because the amount of money your government spends on care provided in the US would readily allow us to have such a program here in Windsor;

(3) Pay increases for physicians should not be equal across the board. Higher fee increases should apply to the most underpaid physicians doing the work that has the most effect on patients' needs.

(4) Funding for a CAT scanner in Leamington and an MRI scanner at the Windsor Regional Hospital cancer clinic.

We can't wait any longer. The time to act is now. Thank you for your attention.

The Vice-Chair: Thank you. I would ask for the recommendation part. I don't think it's part of our package. If you could table that with Hansard, that would be most helpful for them.

Dr Paterson: OK.

The Vice-Chair: We have a very short amount of time for questions—two minutes each. Based on the rotation, the first question goes to the government.

Mr Crozier: You and your society in Essex county have kept us very much abreast of concerns here in our area. Can you give me your assessment, your position and what we might do when it comes to internationally trained doctors who are already in the country and wish to practise here?

Dr Paterson: This is an issue that's probably more attributable to the Canadian Medical Association and through them to the provinces. I've discussed this issue with Dr Albert Schumacher, who is either the president or to be the president of the CMA. We have weekly newspaper articles called the ECMS forum in the Windsor Star. Next Thursday, he will be addressing that very issue. He knows the importance of licensing these graduates from other countries. We need them badly here.

Mr Crozier: So your assessment is—and I don't want to put words in your mouth—that we need them badly, so we should move ahead on this issue and address it and somehow arrive at a decision on each internationally trained doctor and their ability to practise?

Dr Paterson: That's sort of way beyond my ability; that's an across-the-country issue.

The Vice-Chair: And now, from the official opposition, Mr Flaherty.

Mr Flaherty: Mr McGuinty made some substantial promises during the election campaign, and now that he's the Premier with his team, I hope they live up to those promises, some of which were made to physicians in this province. We'll see, I guess, soon.

I wanted to talk about something positive that you referred to in your notes and your remarks. The 2,000 family doctors who are caring for over three million Ontario patients in primary team practices was an innovation that our team brought in when we were the government. My recollection of the discussions about those teams is that there was some initial fairly serious concern in the medical community about embarking on the project of team practices, which, as I understand it, means 24-hour-a-day coverage for a group of patients, because there are multiple physicians working together in a team. How is that evolving in the medical community, particularly here in southwestern Ontario?

Dr Paterson: We now have one group in Windsor, Dr Ziter and colleagues. I talked to him this morning about this very issue. This is called a family health network or FHN. The first try at this was a family health group or FHG. There were multiple problems with that. First of all, there was something like a 500-page agreement to be signed by the doctor, which was just overwhelming in its complexity. Doctors were very sceptical about getting into something like this.

The FHN is an improvement on the FHG. I don't pretend to understand it completely, but according to Dr Ziter, whom I hold in high regard, he is very supportive of this. He definitely thinks it's a step in the right direction for family doctors to be paid better for comprehensive care for their patients.

The Vice-Chair: And now, from the NDP, Mr Prue.

Mr Prue: My question relates to your statement that there is a growing doctor gap for attracting new physician recruits. You suggest that the fee schedule needs to be made the best in the country. What kind of increase would doctors in Ontario need to take us from seventh place to first?

Dr Paterson: I can't give you an exact figure, but in keeping with what happened in Saskatchewan, Manitoba and Alberta, 7% to 8%. We've averaged about 2%, and so have fallen behind year after year. So it's increasingly going downhill. We don't have enough graduates from medical school who are interested in going into family practice, because it pays so poorly with high overhead. The residency positions for family practice residents are not filled in Ontario. We are not attracting any graduates from other provinces. In fact, the way it's set up here right now, we're losing them to other provinces and to the US, and we have to change that. We have to make it attractive.

Mr Prue: I have to go back, then, and perhaps phrase my question another way. Before Manitoba, Saskatchewan and the others got 7% and 8% increases, was Ontario at the top of the list?

Dr Paterson: I don't know the answer to that question.

Mr Prue: I'm having a little bit of difficulty. I think you should be either at the top or near the top of the list, because Ontario is a very complex and very wealthy province—quite frankly, it is—so one would expect that. Perhaps in the future you could give us, or have someone

give us, that information: what would be necessary. The committee would appreciate knowing that.

Dr Paterson: Would you like that to be forwarded to the committee?

Mr Prue: Yes, if you could.

The Chair: Thank you for your presentation this afternoon.

ONTARIO UNDERGRADUATE STUDENT ALLIANCE

The Chair: I ask the University of Windsor Students' Alliance to come forward. Good afternoon.

Mr Jeff LaPorte: My name is Jeff LaPorte. I believe there are some packages being passed around right now that the Ontario Undergraduate Student Alliance has prepared for this forum.

The previous speaker was a great preamble to what I'm about to talk about. It's about higher education and about a social good, something that is very important to University of Windsor students. My capacity here is more that of president of the Ontario Undergraduate Student Alliance. We represent over 100,000 undergraduates and professional students from across Ontario, and we would like to submit this on behalf of 100,000 students.

What you'll find here is an introduction and six recommendations. I'll quickly go through those, and then hopefully you will have enough time for some questions.

In the recent throne speech, it was stated that tuition fees would be frozen for two years in both regulated and deregulated programs. This is something that Ontario students are very elated about; we couldn't be happier.

You might ask, "Why freeze tuition?" I think the Liberal government identified some of the reasons, and I'll go through them quickly.

Ontario students are paying disproportionately more for their education than those in any other jurisdiction. We can see that in the graph on the first page. We're paying for roughly 44.1% of our education. That's actually doubled in the last 10 years, from 22% back in 1993-94.

In the next graph you can see that the proportion of funding for universities from tuition fees is continuing to increase at a tremendous rate. What we're seeing here is that the share of tuition in universities' operating budgets is also continuing to increase. So tuition is increasing and universities are also using tuition to operate; that would make sense.

The second thing I'd like to highlight is that average tuition fees are too high. This graph is a perfect example of that. What we're seeing here in pink is Ontario average tuition. Even since 1993 we've always been higher, but we see a disturbing trend where Ontario tuition fees are increasing. The inflation rate is rather stagnant when you compare it to tuition fees, and students are being required to pay more and more tuition.

If an increase in tuition automatically meant an increase in quality, you might be able to sell students on it. But later in my presentation I'm going to highlight

some areas where an increase in tuition doesn't necessarily mean an increase in quality.

Tuition fees in Ontario are the second-highest in the world compared to other international jurisdictions. You can see that on the fourth page.

Deregulated tuition fees in Ontario have increased dramatically and are having significant impacts on debt levels and career choices of students in choosing these programs. That's a good point, because the last speaker highlighted doctors and the problem with rural and urban doctors and things like that.

1430

Let's take an example like law. If you go into law, the average tuition right now is roughly \$9,700. If you incur that much debt every year over a three-year period, that is roughly \$30,000. You want to be able to pay that debt off very fast, so you're going to be more apt to go into corporate law or immigration law than maybe, say, human rights, environmental, things like that. We see that also with dentistry and doctorate programs, when you want to become a doctor. More and more doctors are staying within urban areas so they can make their money back as fast as possible, because nobody wants to have debt.

Also, with deregulation, students are incurring, just with an undergraduate program, roughly \$22,700 in debt. That's a four-year program. If students want to go ahead and get a professional or graduate degree, we're seeing what we like to call at OUSA "sticker shock." What's happening is students are saying, "Look how much it is for a professional graduate degree. I don't think I want to incur that much debt." So they're not only thinking about the next three to four years; they're thinking about 10 to 12 years from now when they have families and want to buy cars and things like that.

Also what we see here is that middle-income students have seen a surge in their debt load, and I'll get to that in a moment. What I'm talking about is OSAP and some of the problems with OSAP. It's a great program but I really think it can be a lot better.

So recommendation number 1 is that there is a clear need for government to follow through with its commitment to freeze both regulated and deregulated programs in Ontario. OUSA has been very active on this. We love it that the provincial government has promised this. We're hoping that it's going to follow through, and we're talking about a fully funded tuition freeze. I'll get to some of these stats in just a moment.

There are two major reasons for providing compensatory funding in the context of a tuition freeze:

(a) Improve the current funding structure for universities. In 1996 the provincial government cut operating grants by \$280 million. This represents a cumulative deficit of well over \$1 billion for the university system. So what we're seeing is that per-student funding is the second-lowest in Canada at \$5,948, compared to the highest, which is Newfoundland at \$9,000.

(b) Maintain and improve the quality of Ontario's universities. What we see here is that quality must be of

the utmost importance when making any decision around funding and the tuition freeze. That's very important. The consequences of failing to make this investment are already being felt. Student-faculty ratios are 22 to 1. That's the highest in Canada. What we're seeing is a deferred maintenance bill of roughly \$2 billion all across Ontario. To give you a little local number: \$36 million at the University of Windsor.

Recommendation number 2: There is also a clear need for the government to provide compensatory funding for the tuition freeze. This funding should be allocated through an overall increase to Ontario universities' operating grants. Here it goes through some of the reasons why OUSA believes this is very important.

One of the things I really want to stress, because this is mostly about money, is table 1. If we have the tuition freeze and we fully fund it, it's going to cost roughly \$70 million the first year and \$150 million the second year.

Next is, invest in access. Just to let everybody know, OUSA does have a campaign called Invest in Access. You can check it out at www.investinaccess.ca. Here we're talking about the student financial aid system. The current government promised, "We will improve financial help for students... We will make the Ontario student assistance plan work for more students by expanding eligibility and increasing loan amounts." That's great.

Actually, right now we're looking at a committee and looking at a new structure for the student financial aid system. But I want to really stress that the total educational costs have increased disproportionately compared to income, and you can see that in the graph right here.

Also, current OSAP assessments do not meet the current cost of living. If we turn the page, we can see what I'm talking about. These three graphs highlight students living at home, students living in residence and students living off campus—three general categories of students going to university. What we see is that the Ontario student assistance plan only gives a maximum of \$9,350, but a student who is living off campus in Toronto, for instance, has an actual need of \$18,500. Where are those students getting this money? They're working a lot more hours at part-time jobs, but more and more students are actually getting private loans. Private loans have skyrocketed. Now the average student is not only getting OSAP but also a private loan, and that's equating to roughly \$7,500, on average, per student. That means they have to pay, just to service that bank loan, \$108 a month, or \$1,200 a year. That's a lot of money.

Next I'd like to highlight recommendation number 3: The maximum student aid package must be raised from \$9,350 to \$11,050 to better meet the real cost of attending university. Instead of asking for an increased loan limit, we're actually asking for that extra money to be in the form of upfront grants that students don't have to repay. A \$22,700 debt after an undergraduate education, as far as the Ontario Undergraduate Student Alliance is concerned, is unacceptable, especially for a social good.

I'm soon going to be highlighting in the rest of this document that a study done in the mid-1990s by the

Council of Ontario Universities highlighted that every public dollar invested in the university system will yield \$4 for the local economy. So that just gives you an idea of what higher education actually does for the economy in the long run.

What we're asking for here with this program for upfront grants to increase to \$11,050 is that the total cost of this program would be roughly \$207 million. A two-year phase-in of this increase would be \$104 million in 2004-05 and \$207 million in 2005-06.

Moving on to recommendation number 4: The OSAP regulations around contributions from parents must cease penalizing students who are receiving less money than mandated by unfairly reducing a student's financial aid package or disqualifying them altogether. Pretty much what this is talking about is that OSAP assesses your need and then takes your parents' income. Sometimes parents' income might be in the six figures, but if parents, for whatever reason, can't afford to give their students what OSAP says you have to give them or they say, "Sorry, little Jimmy or little Jane, I'm not going to give you any money at all," students won't be able to get any money from OSAP. We don't think that's right. What you're seeing is that those students are going to private lines of credit, incurring more debt, and it's not right.

How much time do I have left, Mr Chair?

The Chair: You have just a little under 10 minutes.

Mr LaPorte: Thank you. In talking about these changes, we further recommend that we harmonize the Ontario and the Canadian student loan programs to better reflect both of those policies. Currently, parents have to begin contributing if they make \$35,000 or more for the Ontario student loan. But if you make \$54,000, for the Canadian student loan, that's when you have to start contributing to your student's education. So what we're seeing is that these two programs aren't exactly matching up and students are getting the raw end of the deal in the long run. We factored in these costs and we estimate that these initiatives will cost between \$3 million and \$10 million.

Funding for the future: Ensuring quality and building socio-economic capacity: A study was published, like I said, by the Council of Ontario Universities in the mid-1990s concluding that for every public dollar spent on universities, \$4 was generated for the local economy. That's an amazing statistic. I think it's something that's sure to be driven home, that a university education keeps on giving, not only to the recipient of that education but also to the local economy. That's one of the reasons why Canada is an amazing country, and we need to maintain our level in the world market.

A recent Canadian study also concluded that society realizes a substantial return on investment in higher education, stating, "All university programs analyzed ... yield a social rate of return that exceeds the real interest rate."

We can see in this graph provincial university operating grants per FTE enrolment. FTE enrolment is

full-time equivalency. There's a lot of jargon within post-secondary education, you've probably noticed.

Moving on, part A of this is funding for growth. As an FYI, Ontario universities are booming and the double cohort is the cusp of something we like to call steamrolment. Using numbers from the Council of Ontario Universities, enrolment has increased by over 23% over the past two years, from 2001 to 2003. We're actually factoring in that by—let me find the number here. I can't seem to find it, but I do know that in the next 10 years there will be an additional 70,000 to 90,000 students potentially who could be going into university education. That's to do with demographics—the baby boom echo, I believe it's called—and things like that.

Also, I'd like to highlight B, funding for quality. The infrastructure of our campuses is in need of repair. The deferred maintenance bill for university campuses is roughly \$2 billion, and like I said, at the University of Windsor it's \$36 million. Between 1988 and 1997, the ratio of full-time students to full-time faculty rose by more than 30%. Right now we're staying at 22 to 1. With students paying so much for an education and with faculty-to-student ratios climbing, you can see my argument when we talk about how an increase in tuition fees doesn't necessarily mean an increase in quality. We also see that in deferred maintenance, in larger class sizes, in all sorts of things.

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I also want to stress that in the next 10 years we need 13,500 more faculty. That's bad because, as I mentioned before, a lot of undergraduate students are incurring debt and then being scared of more debt if they go on to graduate or doctorate levels. They are incurring debt and they don't want to get into any more, so then we don't get those potential doctorate students to teach the future of Ontario and the future of Canada.

Recommendation 5 says that per student operating grants to universities should be increased to meet and surpass the national average to ensure that every Ontario student receives a high-quality education. That's very important, because Ontario will always be a net exporter of brilliant minds. We have the most universities, we have the most money, and we need to maintain that, especially within the world market.

Recommendation 6 says that the provincial government must commit to providing the infrastructure, faculty and resources to accommodate enrolment increases while ensuring a world-class educational experience.

That's pretty much the end of my presentation. I hope there's enough time for questions, but I'd like to highlight what I've talked about: that this investment includes a tuition freeze accompanied by compensatory funding, an increase to the total financial aid package in the form of grants, adjustment to the OSAP parental support criteria and appeals process, and a long-term plan to bring Ontario's per student university funding to the national average. What we're trying to do are short-, medium- and long-term goals for Ontario universities over the next five to 10 years.

The Chair: Thank you for your presentation. We only have time for one question at this point, and continuing in that one-question rotation, it would go to Mr Prue of the NDP.

Mr Prue: I think what you're asking for is actually quite modest. You really didn't touch on this graph, but I think it says it all, a graph that shows that most of the industrialized world, at least the countries that you picked out here—Germany, Sweden, Norway, Ireland and, to a very large extent, France, followed by the Netherlands and Australia—all have virtually no fees for post-secondary schools. They seem to be on the cusp; they seem to understand that in a highly technological world, a world where knowledge is far more important than strength or manufacturing, that's the way to go. Why is it that you are being so timid?

Mr LaPorte: Well, considering the context of the political landscape and considering the state of universities right now, it is the view of the Ontario Undergraduate Student Alliance of always getting the first down. So what we do is we take steps to our ultimate goal of an accessible, affordable and quality university education. We feel that by asking for a tuition freeze and a more robust student financial aid system, and by having partnerships with government increasing per student financial aid, within the next 10 to 15 years we can achieve that goal that you talked about of more affordable tuition, something with respect to France or even the Netherlands or Norway, where it's free, the same as Germany.

Mr Prue: We heard some discussion over the last number of days of doctors and nurses, particularly here in Windsor, eyeing across the river as a place where you can make more money and have better opportunities and get signing bonuses. Should we be instituting with students—and I've often wondered about this—in terms of the loans that if you stay in Ontario, if you get a job in Ontario and you give back to Ontario the costs of your education, some or all of that loan might be forgiven, and that if you run across the river to Detroit, you've got to pay the whole thing back? Have you guys ever discussed that?

Mr LaPorte: Yes, there have been discussions on that. In fact, Newfoundland's Premier was very active on that front before the previous election. As far as I know, there have been grumblings that that would actually be a charter infraction on mobility rights.

Mr Prue: The mobility is only within Canada. I'm talking about going to the States.

Mr LaPorte: I think it's a great idea, and I think that's something we should definitely look into.

The Chair: Thank you very much for your presentation this afternoon.

WINDSOR ASSOCIATION OF THE DEAF

The Chair: The Windsor Association of the Deaf are the next presenters. Good afternoon. You have 20 minutes for your presentation. You may leave time for

questions if you so desire. Please state your name for the purposes of Hansard.

Mr Chris Newman (Interpretation): Good afternoon. I'm Chris Newman, the vice-president of the Windsor Association of the Deaf. My interpreter today is actually our president. I want to thank our community representatives who are here in the audience as well.

The impact that deafness or hearing loss has on an individual and their family cannot be measured in dollars. However, it is clear today, as we have heard from various agencies and organizations, that prevention is always more cost-efficient than intervention.

The Windsor Association of the Deaf's mission is to promote the welfare of the deaf community. As each of you knows, essential to the quality of life is access to communication and information.

We were informed yesterday by Mr Douglas Arnott, the senior committee clerk, that our request to this standing committee to make this public meeting completely accessible to our members was denied. I realize that you took immediate action when a deaf member showed up and was here; however, the unfortunate situation of myself sitting here through the morning, or part of the morning, without access could have been avoided. Imagine the isolation and frustration that I felt to sit in this room feeling discriminated against by a committee which includes elected officials from my own riding. These are public meetings that our government is putting on, and they should have interpreters in place so that we can have access to communication and information.

In this situation, the government should have taken action to ensure access to this meeting. Instead, it was up to us as individuals to take the initiative to contact your office, and even in that event our request was denied. This is just one small example of the burden placed on deaf individuals on a daily basis.

Deaf people already face barriers and additional costs to ensure that our quality of life comes even close to that of the general public. If this government chooses to cut funding of specific devices such as hearing aids and FM systems—and I'm not sure what other devices we may face cuts for in the future—that will have a direct impact on the quality of life and it will be harmful to the well-being of others. We'll be excluded from information in the classroom, information on the job, and in many other places. Access to information for some deaf individuals who rely on their hearing aids is essential. For some deaf people it is essential to their job.

Many already marginalized individuals such as seniors and children will be at further risk if they face further funding costs to devices such as hearing aids. You have heard from the Canadian Hearing Society today the scenarios and the impact that funding cut would have. The costs that we as deaf individuals already face because we have a hearing loss is minimized by ADP funding. To increase that cost would be a detriment to our community. We have also heard today from the Canadian Mental Health Association and the school boards about the limits in resources that they have.

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Deaf people have to have equal access to information. If you take a deaf child and place them in an educational system where it is commonly known by the deaf community that the quality of interpreters is not very high—the school board interpreters are the lowest paid, and therefore qualified and certified interpreters seek work elsewhere—it impacts the education of the deaf child. If you add to this scenario the inability to pay for hearing aids and maintaining them, we are likely to see a frustrated child who goes on to experience mental health issues. This could lead to low motivation and/or the inability to obtain gainful employment, becoming a further cost to the system. The frustration that we feel, being isolated and cut off from information, could see an increased cost to government. It leads to low self-esteem, which impacts our motivation, and sometimes even the motivation to get out and find a job, because every day, as I have already mentioned, we face barriers.

This gainful employment contributes to society through tax revenues. Those who are not able to find jobs, whether they face barriers or just aren't motivated, become a cost, dependent on the government rather than being a contributor to the economy. It is our hope that this government will take a look at the severity and long-term expenses that these cuts would have on individuals who already live in a society that is yet to be barrier-free. We also hope to ensure that no further cuts will be placed on other devices such as TTYs, which are devices that deaf people use to communicate on the phone. These devices are essential to our everyday living.

I'd like to open it up for questions.

The Chair: Thank you. As a point of information for committee members, the clerk did ask for a written request for interpretation. That written request was never received. However, we are providing the interpreters here this afternoon. We have about four minutes per party and we begin with the government.

Mr Colle: I guess the one thing we'd like to try to get your help on is, if the government were trying to find upstream solutions and upstream strategies that will help all Ontarians be more active in society, have better opportunities to contribute, whether they be disabled or not, or from the community that you represent, can you think of two or three things we should start looking at that will start to unlock these barriers on a long-term basis?

Mr Newman (Interpretation): I could certainly answer some and then I am going to defer to our president, who is also interpreting, to help me out.

One of the barriers we see that could be removed is providing 100% access and support. When we look at cutting access to devices such as this ADP funding, that's a cost that deaf people have to incur that our general society doesn't have to pay. What we see with the TTY, something I use on the phone every day, is that it's a \$2,000 machine that I use to talk on the phone. You as non-deaf individuals can purchase a phone for \$30 or \$40. So even when ADP covers 75% of that cost, I'm

still looking at a \$400 to \$500 cost for a TTY. What I would like to see the government doing is making sure that we are not paying extra for a quality of life that everyone else has because they have access to communication and information. I know that supporting us 100% and anticipating all the needs that might come up is not possible, but I would hope that there will be legislation that will open up doors for employment so that we can become more contributing members of society, and open up doors for access as well.

Mr Colle: I have another question. As you know, the previous government refused to legislate a meaningful Ontarians with Disabilities Act similar to what was passed in the United States of America and has been in place, I think, for over a decade. What are your comments to our government in proceeding to introduce a meaningful Ontarians with Disabilities Act as per the US model?

Ms Beeky Stuckless: I'm going to answer that. Chris is going to move so he can see the interpreter. The Americans with Disabilities Act, which is the American counterpart, if you will, of legislation that we're trying to model our own after, is, as you say, meaningful. The ODA that was introduced leaves open a door for employers specifically to deny access for deaf members in particular. The cost of interpreters is rising, the shortage of interpreters is rising, but part of that is because there is not a supply and demand. Interpreters who are community freelance interpreters often don't know if they are going to work two hours one week or 40 hours the next week. It's a kind of Field of Dreams philosophy: If you build it, they will come. If you would see opportunities for interpreters to work, there would become a bigger pool of interpreters. We'd be able to recruit interpreters into the college system to train them so that we would have a bigger pool. I think that over time you would see that cost not be so high. I also think we need to look at tax incentives for employers to have those things in place for access for deaf people to have employment.

The Windsor Association of the Deaf's current objective, as I think Chris mentioned, is to promote the welfare of deaf individuals. Quality of life requires employment. A deaf individual who can't obtain gainful employment sits at home feeling isolated, frustrated, and that leads to other mental health issues and the cost just keeps getting bigger. So we need an ODA that not only speaks to accessibility and is nondiscriminatory, but also has some system in place to ensure that that's being followed. That's our biggest concern. I know we are meeting with the government next week to talk about the Ontarians with Disabilities Act, and that would be our biggest push: Not only do we have to ask for access; we need to ensure that it is provided.

The Chair: We'll move to the official opposition.

Mr Klees: I very much appreciate this presentation. We have much to learn, obviously, and this is an important opportunity for us to learn about the specific challenges that you face. I really have two questions. One relates to the issue that you mentioned in your pres-

entation, namely the experience of a child coming into the educational system and not having the necessary support services there, and the frustration that that results in. Obviously, that can lead to many other complications in the child's life, in fact in the family's life.

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Could you give me a sense, give the committee a sense, of just how serious that issue is at the school level? I'm not familiar with this, and so I really need to know: Is the school system doing an average job? Is it doing a very poor job? Can you give us some sense of just how serious an issue this is?

Mr Newman (Interpretation): I personally feel that when you have a deaf student in a school, the schools are doing what they can. Often, the quality of interpreters is not adequate for deaf children. We have a language issue, a language barrier. As we said, the interpreters who are highly qualified go on to work in other settings, not in the educational system.

We also have provincial schools, though, where everything is accessible to the deaf child. Information and communication with your peers is accessible, information with your staff is accessible. Whether you have a non-deaf teacher or a deaf teacher, there is a language requirement so that student goes in and has complete access to information as they're in the provincial schools.

But when we go back to the mainstream setting, we find that the deaf child, if they don't have access to interpreters or if the quality of interpreters is not good, maybe hearing aids don't work for them, they're not getting any information. They go home and ask their parents for help; their parents typically do not sign. Most deaf children are born to families where sign language has never been used; this is the first deaf person in the family. So the parents take on the responsibility of making sure they go to school, but the parents rely on the educational system to make sure their child becomes educated. Then it becomes a stress on the family dynamics, frustration for the parent and the child.

Mr Klees: Could I just very quickly follow up on that and ask specifically your opinion as to the preference for a setting where all of these supports are there, ie in a provincial school, or the integration approach in the public school? What is the ideal, from your standpoint?

Mr Newman (Interpretation): For me, as a deaf individual, I attended a provincial school. I felt that the benefits were great. You were socially integrated. That can't happen in a mainstream setting. Students in a mainstream setting are often isolated; leadership skills are not incurred. Really, in the deaf school we knew what legislation was about, what legislation impacted us as deaf people because we had complete access, whether it be to conversation in the classroom, sidebar conversations—everything was accessible. Unfortunately right now we're hearing talk around some of the provincial schools closing. I hope that doesn't happen, because I think that is where the self-esteem is built, through giving them information on their own culture and access to information and meeting their needs.

The Chair: We'll move to the NDP and Mr Prue.

Mr Prue: I'd just like to talk a little bit more about the Americans with Disabilities Act, and ask if you would remember back a few years ago when Gary Malkowski, as a member of the Legislature, introduced the Ontarians with Disabilities Act to the Legislature, which never passed. I don't know whether it was modelled on the American model or not. Could you comment on that proposal that, I guess, just needs to be dusted off? Would that go to the extent that is needed today to ensure that Ontarians with disabilities have full justice in Ontario?

Ms Stuckless: I'm going to answer that question. I think the original legislation that Mr Malkowski did bring to the table definitely made sure that there was access, although I have seen drafts over time that have really watered down what the true needs of the community are. So if we could go back to that original legislation that was brought forth, or that draft of legislation and look at what needed to be put in place, then, yes, I think that would meet the needs.

Yes, it was modelled after the Americans with Disabilities Act. What I have found, at least in the deaf community—and I'm sure it is in every community—is that when another country is ahead of us on something, we take it and we look at not only the positives, but what needs to be improved. I think Mr Malkowski did a great job of doing that to make sure that we could have legislation that would truly meet the needs and not just be a document on paper that really didn't improve the quality of life for deaf people.

Mr Prue: So if we were to take Mr Colle at his word—and I do—that the government is intent on doing something, it would be very easy for him to go get the original draft from Mr Malkowski and introduce it in the House on March 22?

Ms Stuckless: I would think so.

Mr Colle: Maybe you'd like to find out why your government didn't pass it.

Mr Prue: Because you voted against it.

The Chair: Order.

Mr O'Toole: On a point of order, Mr Chair.

The Chair: It's very difficult, Mr O'Toole, with the interpreter. If you could hold that point of order, it'd be appreciated. They're in the middle of a question, so I allow for the answer.

Ms Stuckless: I think that could be done.

Mr O'Toole: With your permission, I just wanted a response on a simple question. What is your position on the cochlear implant?

The Chair: Your time has expired for questions. You can talk to the deputant after their presentation is completed.

I thank you for your presentation this afternoon.

ONTARIO LIQUOR BOARDS EMPLOYEES' UNION

The Chair: The Ontario Liquor Boards Employees' Union, zone 4. You have 20 minutes for your presentation.

Mr Michael Sullivan: Thank you, Mr Chairman. I'm Michael Sullivan. I'm third vice-president of the Ontario Liquor Boards Employees' Union. Sitting beside me to my left, to your right, is Mr Tom Galli, who is the director for the Ontario Liquor Boards Employees' Union.

I'm going to start my remarks off. There is a script in your kit with other information pertaining to our organization and the items I will be discussing this afternoon.

I am presently employed by the LCBO and I have been employed by the LCBO for 32 years. I currently work in Tavistock, Ontario, which is just south of Stratford. Tom Galli currently works in Windsor and has over 20 years' experience with the LCBO.

The OLBUEU represents approximately 5,500 members in retail liquor stores, warehouses and head office, and is commonly known as the LCBO. I'm here today to address the potential privatization of the LCBO as it relates to warehousing and agency stores and franchise stores.

Mr John Coones appeared before this committee on January 27, 2004, in Niagara Falls to give the union's position on the general issue of privatization. You will also be hearing from other labour representatives throughout the deliberation of your meetings who will be addressing labour's positions on provincial budgets.

My focus today is to bring to you our concerns on any initiative which would see the privatization of the LCBO warehouses or an increase in the number of agency or franchise stores which are now operating in this province.

In the presentation from Mr Coones, you heard that the LCBO has had record profits in the amount of over \$975 million. When looked at as total revenue, that figure jumps up to well over \$3.1 billion.

A publicly owned LCBO generates revenues that are returned to the people of Ontario. The Ontario government invests those revenues to help reduce taxes, to support education and health programs, and to fund other valued public services.

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The LCBO is a highly successful, efficient and profitably run organization. This success is not the result of any one factor but rather the combined hard work and efforts of all employees of the LCBO, including our warehouse employees.

The LCBO's customer-focused retail services need efficient retail-sensitive warehousing and distribution. In order to achieve the best possible results there must be a unique linking of all services into a single, integrated system. The LCBO is highly efficient because it operates smoothly and effectively as an integrated system. Removing one link from the chain by privatizing the distribution will only cause the rest of the system to flounder and fail. An approach which reduces services rather than improve them would be contrary to the LCBO's mission to give the people of Ontario the very best.

The following questions should be asked when considering the impact of a privatized distribution system

or expanded agency or franchise store system upon the people of Ontario.

First, will the LCBO's award-winning service be improved or undermined?

Second, the LCBO has an excellent product selection of approximately 3,000 brands, uniform pricing across the province, and the ability to maintain adequate levels of stock to meet customer demand. How will these services be affected under a privatized system?

Third, will the pricing be determined by the distance you live from the distribution centre because of increased transportation costs under a privatized distribution system?

Fourth, the LCBO's 630-plus retail store system serves large cities, small towns and villages equitably as a single market. Will this single market be destroyed, and if so, which communities can expect to suffer?

Fifth, will the mandate to maintain high levels of social responsibility be properly enforced under a privatized system?

Any contemplated changes to the system must meet these requirements.

The current warehouses operate on a hub system, with the centre located at our Durham facility. Smaller regional satellite warehouses in Toronto, which is a location that provides numerous specialty services, will also offer services and warehousing in London, Ottawa and Thunder Bay. These warehouses serve the retail stores in their respective geographic areas. This is the type of system that best serves a province as large as Ontario.

The attachments to this presentation contain a number of documents and briefs which our union presented to the previous government on this issue of privatization. It is our firm belief that after the committee, and eventually the government, has had an opportunity to review all the information that has been presented, they too will agree that the LCBO is worth holding on to.

I'd like to thank you for the brief time before the committee and I certainly expect some questions. I would be more than pleased to answer any questions committee member may have.

The Chair: We have about three minutes per party and we'll begin with the official opposition.

Mr Flaherty: Good to see you.

In the newspaper I read that Premier McGuinty says he might sell the LCBO. You've probably read that too.

Mr Sullivan: That's why we're here.

Mr Flaherty: But he's said a few things that haven't come to pass, so don't worry too much about it right now.

Let me ask you something about the word "profits." Andy Brandt and I have had this discussion many times.

Mr Sullivan: I'm sure you have.

Mr Flaherty: I think it's misleading for the LCBO to talk about profits, because we, that is, all of us here, are the shareholders of the LCBO and we have given the LCBO a monopoly in Ontario. The LCBO, which we own, marks up alcohol and other things and sells it back

to us and then tells us that that's a profit they've made for us with our money. I have a little trouble with that, because actually, I think it's a tax. I think what we're doing is taxing ourselves on the sale of alcohol through a monopolistic organization which we own. I guess you could call it a profit, but in essence it looks a lot more like a tax. Now, I'm not against that profit being made or that tax being made and those revenues coming to the province. I think that's terrific.

Having said all of that, do you have a problem with the private sector being involved in the sale of alcohol in Ontario, other than the fact that it would create some competition for the LCBO?

Mr Sullivan: Let me start off by answering your question about taxes. The profits generated by the LCBO—and this year we will actually generate over \$1 billion in profits—are over and above the provincial and federal taxes that are put on. We understand that. Certainly, if one does not want to use or purchase at the LCBO, they're not going to pay the taxes to purchase a bottle of spirits or a bottle of alcohol or a case of beer that our combination stores carry. It's not really a tax that you have to pay if you don't want to pay. It's a luxury item. We'll call it that, and that's what it's been called for many years.

One of the problems we see in privatizing it and expanding the franchise store program is that if down the road we look at expanding the franchise store program as the LCBO is doing now, the Ontario government is in a position where they reap the benefit of an enormous amount of profit from us. If it goes to a private retailer—we'll say store A in town B—and that retailer sells you a product, he will generate a profit for that product. In the LCBO, that profit gets returned to the Ontario government. With a private retailer, that retailer will keep the profit. The Ontario government in return will get a portion of taxes off that profit but will not be keeping the overall profit as they now keep.

Mr Flaherty: The competition, though, I would suggest, based on experience elsewhere, including Alberta and the United States and other places in the world, would result in differential pricing; that is, some people would sell some things on sale, some people would cater to a different market, that kind of thing. There could be more or less profit.

Mr Sullivan: That's one thing we're quite proud of at the LCBO, that we don't offer differential pricing. You can buy a bottle of wine in Wawa, Ontario, and buy the same bottle of wine in Windsor for the same price.

Mr Flaherty: But if I want to buy a case of Coca-Cola, somebody in my town of Whitby has probably got it on sale. I can shop around and I can go buy it cheaper somewhere else. Why can't I do that with alcohol in Ontario?

Mr Sullivan: It's quite possible, but the reverse side of that, Mr Flaherty, is that that person may sell it for more and you may pay more.

Mr Flaherty: But isn't that up to shoppers?

The Chair: Thank you. We'll move on to the NDP.

Mr Prue: Thank you very much. You've just given me a whole bunch of new stuff, including an evaluation of business options in Nova Scotia. I've tried to read through it—it's pretty thick—but even reading the executive summary and some of the charts in the last couple of minutes, it seems they did not come to a conclusion, at least not in this report. The options were set out to follow systems like in Quebec or Alberta or franchises; they were all completely set out. Did Nova Scotia ever come to a conclusion from this PricewaterhouseCoopers study, or is it still a study in progress?

Mr Sullivan: As we sit here today, it's still a study in progress. I can tell you that the Nova Scotia Liquor Commission is still controlled by the Nova Scotia government. It has not privatized. There was a province in the western part of the country, British Columbia, that was considering privatization that has now withdrawn from that concept and has decided to let the BC government retain authority in the sale of alcohol and spirits. So to answer your question about Nova Scotia, they are still controlled by the Nova Scotia government.

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Mr Prue: I listened to Mr Flaherty and his free trade and privatization sort of stuff. I've heard it many times, but this is the first time in terms of liquor sales. From my travels in the United States, which is about the only place I've ever seen this kind of privatized sale of spirits—I've seen the privatized sale of wine and beer in many countries—it seems to me fraught with all kinds of difficulties. I go in and see bars on the windows, I see robberies—I saw the aftermath of a robbery, not the actual robbery itself, at a little local store—things that seem to be very foreign here. I mean, you just don't see that. It seemed to be very foreign here in Ontario or in Canada.

Mr Flaherty: Have you been to Toronto lately?

Mr Prue: I live there.

Is this any part of what you're trying to tell us? I'm very nervous about going down the road that he's suggesting.

Mr Sullivan: Certainly the social responsibility and the sale of alcohol is a concern to us and to our members. You're right, we haven't experienced the bars in the window, although some stores in the province do, depending on the location, as I just overheard Mr Flaherty say. But the overall concept about the LCBO and what we do—it's a very fine balancing act to be a retailer and a regulator. The LCBO has, over the past 10 to 15 years, balanced that, has given the Ontario government more money. Back in 1995, when the PCs were elected to Ontario government, at that point we gave them \$630 million in profit. This year, we're going to be giving over \$1 billion in profit. We've been able to balance the social responsibility and also create revenue. It's not easy to do. We've done it in the store system. We've turned our store systems, that were regulators, into retailers, and we've done that in a socially responsible way.

Your concern about what's happened in the States has always been a concern of ours, and we have addressed

previous governments about that and have been fairly successful in talking to local police services that have the same concern you do. Because of the scope and the size of the province, there are some days when police cruisers—every place in the province is not Toronto or Windsor that have a centralized police service. In fact, for some of our rural stores it could take the police as long as 20 minutes to get to a simple call, which would impact greatly on our staff and the overall community of wherever the person's being called to.

So it is a concern of ours, but it's something we've been able to balance. We've been able to work with the LCBO; our employees have been trained in how to deal with that concept. We want to keep alcohol flowing in the province and we want to do it responsibly and fiscally.

The Chair: We move to the government.

Mr Crozier: Good afternoon, and thanks for coming. I think the LCBO has done an outstanding job. I think right back to my youth when they were socially responsible, and I think they continue to—

Mr Klees: They kept you out of there.

Mr Crozier: Frank would know that. We won't tell stories on each other, Frank.

The thing I like about the LCBO and the way we operate it here in Ontario is the social responsibility. It may not be widespread, but we do have a continuing kind of gnawing problem with tobacco products, for example. We have to monitor all the retail distribution areas of tobacco products because we don't want them sold to youth, those who are under age. Comparing that kind of daily monitoring, then I think the LCBO does a good job.

It seems that every time the government either changes or we have an election, the LCBO seems to be on the block. I don't recall exactly that my Premier said that he was looking at selling the LCBO. I think what was asked by a reporter was, "In this looking at government, will you sell the LCBO?" I think the normal political answer, and there are others around this table who would answer it the same way, rather than saying yes or no, would be, "Everything's on the table." I think those were the terms that were used.

The Chair: Question, please.

Mr Crozier: No, I don't have a question. I just want to applaud the LCBO for the socially responsible way in which it handles the sale of spirits in Ontario.

Mr Sullivan: Thank you very much.

The Chair: A point of order, Mr Flaherty?

Interjection.

The Chair: That's not a point of order. Time has expired, but I think it ended on a good note, from Mr Crozier's point of view at least. Thank you for your presentation this afternoon.

I would ask the Hepatitis C Network of Windsor and Essex County to come forward, please.

Mr Klees: On a point of order, Mr Chair: While the next delegation is coming forward, is this an appropriate time—I believe you've been given notice of a motion

that is going to be presented. Is this a good time to read it into the record?

The Chair: Yes, you can move it.

Mr Klees: I move that the standing committee on finance and economic affairs recognize the need for the government to improve health care services and expand the number of beds available for care, while maintaining fiscal responsibility by finding creative solutions to difficult problems;

That the committee recognize the benefits of the proposals from Cheshire Homes with respect to supportive housing such as:

Supportive housing is more cost-effective than long-term hospital care. This is evident in the case of Cheshire Homes where an investment of \$60,000 to support a bed in a supportive housing environment will result in a net savings of \$120,000 for the government when it is compared to in-hospital care; and

The \$50 million promised by the Liberal government for community support services in the 2004-05 budget will go a long way to resolving the staffing crisis in the supportive housing sector; and

A long-term strategy for supportive housing will assist the Ministry of Health in meeting the future health care needs of vulnerable Ontarians; and

That the committee request that the Minister of Health and the Minister of Finance complete an analysis of the recommendations brought forward by Cheshire Homes with respect to supportive housing units (recommendations 4, 5 and 6 from the presentation), and return said analysis to the committee prior to the writing of the committee's pre-budget report.

The Chair: You have two minutes to discuss the motion if you so desire.

Mr Klees: I'd actually prefer to allow Mr O'Toole to make some comments on my behalf.

Mr Colle: On a point of order, Mr Chair: Who are the two sitting members in substitution right now? The members have all been going in and out, so who are the two voting members?

The Chair: Anyone can speak to a motion.

Mr Crozier: Not everybody can introduce one.

Mr Colle: But I'd like to know, who are the two sitting members?

The Chair: Mr Klees and Mr Flaherty are recognized members of the committee today.

Mr O'Toole: That doesn't count as part of my two minutes.

The Chair: No, it does not.

Mr O'Toole: I appreciate that. In fairness, the issue we're discussing in this particular motion came forward principally yesterday. We were talking about the need for the government to look at what it costs for the chronic acute care cost of about \$180,000 per person and the need for more community support programs; supportive living is about \$60,000 a year.

The point of this was really to get Mr Colle and his colleagues—Mr Colle is the parliamentary assistant to the Minister of Finance and is really the lead on this com-

mittee—to bring to the attention of Mr Sorbara a small change which really would save money and improve access for supportive living. I think it's a reasonable request to bring forward substantively as a motion so that we have it duly recorded; an excellent presentation, I believe, made by Cheshire House yesterday in London.

That's really all I have to say. It's not meant in any mean-spirited way. It's to take a micro issue that has macro implications. If it applied to Cheshire House, it would apply across the province of Ontario. It would improve community supportive housing without costing more money. That would mean transferring the funding that would normally go to the acute-care bed, which is \$180,000 a year, to a community bed in supportive housing, like Cheshire House, which would be \$60,000 a year. That's really the substance of the motion.

The Chair: Any other comment? Mr Prue, you have two minutes.

Mr Prue: I won't even need the two minutes. I just have to express my awe and delight at what is happening to the Conservative Party in Ontario since their defeat.

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The Chair: Any other comments?

Mr Colle: I echo the sentiments of my colleague Mr Prue. It's incredible. Here's a government which, over eight years, did nothing on this issue, and all of a sudden they've found the light here in Windsor on the road to Damascus. We'll put this up for consideration, like we will everything else, but primarily we're here to hear the citizens of Ontario. They had their chance for eight years. We want to hear from you.

HEPATITIS C NETWORK OF WINDSOR AND ESSEX COUNTY

The Chair: Now we will hear from the Hepatitis C Network of Windsor and Essex County. I remind you that you have 20 minutes for your presentation.

Ms Michelle Graham: Good afternoon. My name is Michelle Graham. I am a caseworker at St Leonard's House and the secretary of the Hepatitis C Network of Windsor and Essex County.

Ms Susan Price: I'm Susan Price. I'll be doing the body of the presentation. I'm the acting director of the Hepatitis C Network of Windsor and Essex County.

Ms Patricia Messenger: My name is Patricia Messenger. I work for the Metis Nation of Ontario. I'm their health services coordinator, and I sit on the core group of the Hepatitis C Network.

Ms Liz Atkinson: My name is Liz Atkinson. I'm with the Teen Health Centre. I'm a community representative for the Hepatitis C Network.

Ms Price: As I said, my name is Susan Price, and I am serving as acting director of the Hepatitis C Network of Windsor and Essex County. I'm accompanied by my colleagues today, who will be available to answer questions. I'd like to take a moment to thank all of you for the opportunity to appear before you, especially in light of the fact that no hepatitis C group, to our knowledge, has

appeared before a government committee such as this in Ontario. Dr Wong-Reiger, who has contributed to this report in supplementary notes and recommendations, is not available today to answer questions concerning her supplementary notes. Let me go on to the main body of the presentation.

Born of the concern and commitment of St Leonard's House and members of our local aboriginal community, the Hepatitis C Network of Windsor and Essex County is a collaborative of consumer and agency representatives dedicated to improving life for persons infected with hepatitis C. We feel that having consumer representation on our committee is vitally important. As a community-based, volunteer organization, we currently receive no funding through any level of government.

The Hepatitis C Network continues to deliver community service solely through the efforts of an administration of dedicated core group members, consumers, volunteers and peer-support people. Some of the services we provide to this community include hepatitis-C-related care and treatment support, counselling, advocacy, outreach and education. In the past years, our outreach has included such diverse workshops as doing a workshop in a daycare and another workshop at the Windsor jail. We also participate in advocacy with the hepatitis C clinic advisory committee, which is advocating for a hepatitis-C-specific clinic in the city of Windsor.

Hepatitis C, otherwise initialized HCV, is a serious, progressive viral infection that was differentiated—or discovered, if you will—from hepatitis A and B in 1989. Since then, the virus has spread rapidly through the blood supply system as well as through other routes of transmission. Today, it is estimated that worldwide 170 million people are infected, up to 300,000 of those in Canada. This is leading to grave concern that our health care system will be overwhelmed. Because most persons with chronic hepatitis C infection have yet to be diagnosed but are likely to come to medical attention within the next 10 years, a fourfold increase in the number of adults diagnosed with chronic hepatitis C infection is projected over the next decade.

For those new to the topic, hepatitis is a medical term meaning inflammation or swelling of the liver. Hepatitis C can cause inflammation and scarring of the liver that may lead to cirrhosis, which is when healthy liver cells are replaced by scar tissue. Cirrhosis may reduce the liver's ability to function. The initial phase of hepatitis C infection is called acute hepatitis C. If the virus persists in the body for more than six months, the disease enters the chronic hepatitis C phase.

Let's look at what happens to a group of 100 people infected with hepatitis C. The virus becomes undetectable in the blood of about 20 of these infected people. Even without treatment, they spontaneously recover from the infection. The remaining 80 people go on to the chronic phase of the disease. Of these 80 people, about one quarter, or 20 people, will develop progressive liver disease leading to cirrhosis after 20 years. The chance of developing cirrhosis increases the longer you have the infection.

People remain feeling healthy even if they have cirrhosis. This is one of the reasons why hepatitis C has been called the silent killer. A relatively small number of people, about 5% of the group that develops cirrhosis, will experience liver failure or liver cancer.

In 2002, the last year for which annual statistics are currently available, Ontario reported 5,280 cases of hepatitis C to Health Canada's surveillance data. Only between one third and two thirds of those currently infected with hepatitis C have been identified. That means up to 60,000 Ontarians do not know they carry the virus in their bloodstream, are not accessing treatment and are at risk of infecting others.

Locally, every couple of days, one of our fellow Essex county residents is diagnosed with hepatitis C. A Health Canada funded study showed that Essex county has a 19% higher rate of hepatitis C than the provincial average: 5.77 per 10,000 people as compared to 4.9 per 10,000 in the province. Close to 1,800 people in Essex county have hepatitis C, with 163 cases diagnosed last year alone. The number of people in our community at risk is close to 56,000. At-risk populations include: the homeless, people with addictions, youth between 12 and 14, corrections and mental health workers, as well as the aboriginal community.

The experience of persons affected by hepatitis C in Windsor and Essex county is confounded in so far as there is no hepatologist practising in Essex county. A family physician is the first access point for people who come to exhibit the symptoms of hepatitis C, but as you've heard, I'm assuming a number of times today, Windsor remains a gravely underserved area in terms of both family physicians and specialists. Therefore, it can take many months to access appropriate medical care and/or to commence anti-viral therapy. Persons requiring anti-viral treatment in Essex county may be referred to one of four gastroenterologists practising in the city or 200 kilometres to the London Health Sciences Centre, home of the closest hepatologist.

Although the federal government has earmarked over \$700 million for hepatitis C compensation and programming, government response overall to this epidemic has been fragmented and largely ineffective. It has only been in the last three years that federal funding has been allocated to begin to address the multiple issues facing individuals, health care and service providers and communities.

The province of Ontario has demonstrated leadership in compensation for hepatitis C victims, but there remains a dearth of provincial resources for programs supporting infected individuals and their families. Those programs that do exist are carried out with volunteer and private industry support without the province assuming its fair share of responsibility.

Federal transfer payments to the province for the Care Not Cash program have yet to reach those for whom they were intended. Hepatitis C sufferers who do not meet the criteria set out for the province's compensation package but who do qualify for financial support under the Care

Not Cash program have been unable to access financial assistance for out-of-pocket medical expenses. The Hepatitis C Network has received a variety of requests for assistance that could be served under this program, including one from a senior citizen requiring financial assistance for a ride from Windsor to London for an appointment with her hepatologist.

Reducing the burden on our health care system by preventing infectious disease is of critical importance. We have witnessed the success of investing in infectious disease prevention. The Ministry of Health's current \$44-million investment in Ontario's flu shot campaign is increasing public awareness of respiratory illness and demonstrating results in reducing the impact of infectious influenza in the province.

Corresponding investment in strategies to prevent new hepatitis C infections, slow disease progression, increase public awareness and to provide compassionate care and support to those infected and those who care for them will be key activities in reducing hepatitis-C-related deaths and hospitalizations. Examples of savings to our province can include: If we reduce the need for 100 people to access disability benefits because of hepatitis C disease progression, we'll save close to \$1 million per year; every 40 people who do not require interferon or ribavirin treatment will save the health care system another \$1 million per year; every 20 people who do not die of HCV-related liver failure saves the health care system an additional \$1 million.

We are at the point where there is an understanding of the necessity for a coordinated response that incorporates the best practices of all the stakeholders including: Health Canada, the provincial health care system, health care providers and community-based support, education and prevention programs.

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Community-based support programs play a key role in educating and supporting the affected individual, their family, friends, employer, co-workers, health care providers and the community as a whole. Community-based support programs are cost-effective. In BC they have found that the simple fact of assisting just two patients on antiviral therapy to deal successfully with the significant physical, emotional and psychological effects of treatment and to achieve sustained viral response could recoup the annual cost of a community-based support program.

The Hepatitis C Network supports this government's commitment to comprehensiveness, accessibility, transparency and accountability in health care and is optimistic that while cost savings to the province may be realized through integrated disease reduction strategies, efficacy in minimizing the impact of the hepatitis C virus is realized through providing timely access to medical care and treatment support.

Because it can reside quietly in an infected person's liver for up to 20 years before causing symptoms, the progression and spread of the disease hepatitis C has been called the "silent epidemic." As hepatitis C con-

tinues its silent march through our communities, the voices of those both infected with and affected by this disease combine with those of the tireless community volunteers and agencies that care for them to reach out beyond the silence in the hope of being an active participant in a meaningful process that truly does, as was delivered in the throne speech in November, provide real and positive reforms in public health care.

As part of that process, we'd like to start with sharing seven issues and recommendations that in our opinion need to be addressed. These are included in your written package.

(1) Invest in comprehensive and integrated health strategies: Ontario needs coordinated health care programs that cut across the silos in public health, hospitals, clinics, home care and pharmacare. Nowhere is the lack of an integrated strategy more evident than in the area of hepatitis C. Harm reduction programs directed at high-risk populations do not carry an effective hepatitis C message. Moreover, those supporting high-risk communities—for example, street youth, injection drug users, incarcerated populations and aboriginals—are not effectively engaged, informed, or supported to focus on hepatitis C prevention.

(2) Invest in community collaborations and support networks: Collaborative community networks bring together health care professionals, health care consumers and their families and support resources while providing cost-effective delivery of care, support and education.

(3) Recruitment of a hepatologist and continued recruitment of primary care physicians to Windsor and Essex county: Persons infected with hepatitis C face long waiting lists to access medical treatment. Sometimes they must travel 200 kilometres to London to see a hepatologist. Furthermore, continuity of care is affected by the fact that people are unable to access a primary care physician in this community.

(4) Invest in public awareness and education: There has been no real public awareness and education campaign that targets those at risk, reduces the stigma of hepatitis C and assures adequate support for those who are screened and identified.

(5) Immediate adoption of Common Drug Review recommendations: Ontario is slow to add new drugs to the provincial formulary. It still does not list the newest drug, which is pegylated interferon combination with ribavirin. Limited access for drugs delays patient access, and limited patient access means that the disease can progress and patients may have to remain on the older drugs that deliver very difficult side effects.

(6) Accountability for hepatitis C funding and access to Care Not Cash funds: Federal funding given to Ontario to deal with hepatitis C has not been accounted for. Infected persons outside of the provincial compensation package require immediate assistance with out-of-pocket expenses. A process must be put into place that facilitates access to Care Not Cash funds.

(7) Approach health care as an investment, not as a cost centre, by investing adequate funds in the commun-

ity. You've heard before today that community support is necessary. Investing funds in reducing hospitalization and physician intervention while promoting interdisciplinary care, prevention, education and community support pays off in both the short term and the long term.

Thank you, and I hope we have enough time for questions.

The Chair: We have two minutes for each party, and we begin with Mr Prue of the NDP.

Mr Prue: In two minutes I guess I get one question, so I'd better make it good.

Ms Price: I guess so.

Mr Prue: Recommendation 5 is, "Immediate adoption of Common Drug Review recommendations," and you're talking about a newest drug, pegylated interferon combination with ribavirin. Has this been approved for use in Ontario? That is, is it one of the drugs that is available through OHIP or that people can access?

Ms Price: Liz, perhaps you could address this.

Ms Liz Atkinson: I'll address that.

It's not easily accessible. A lot of times there has to be compensation and we have to go through care programs and stuff like that, and trillium programs, to get access. There are two different kinds: There's the alpha-2a, which is approved, and then there's the alpha-2b, which is a bigger-molecule medication and is shown to be more effective with genome type 1, which is one of the strains that is harder to treat. That one is not approved as of yet in Canada.

Mr Prue: So we're still waiting for approval?

Ms Atkinson: Yes.

Mr Prue: But the other one is available for anyone who needs it?

Ms Atkinson: The other one is available.

Mind you, the other one is effective, but the rate of effectiveness is showing only 65% for genome type 1, where the alpha-2b is effective in 85% of genome type 1.

Mr Prue: So we need to get the new one.

Ms Atkinson: Yes, we want the new one.

The Chair: We move to the government.

Mr Wilkinson: I have a particular personal interest. First of all, I commend the work at St Leonard's. I've known of your work for over 20 years. I had breakfast with your former executive director this morning, had a chance to look at your review, and in my riding, of course, Mike McCarthy has been a great advocate for hepatitis C. He comes from my riding and has been a true voice in the wilderness for so many years, particularly about a friend of mine, a woman—she's in her late 50s—who is one of these people who got caught in the silent epidemic.

She was infected because of an emergency medical procedure I think about 15 years ago. She was finally diagnosed after years and years of driving the doctors nuts. They couldn't figure out what was wrong with her. They finally realized that she had hepatitis C. She has been on this pegylated interferon with ribavirin, the new antiviral drugs, with substantial side effects. So I'm aware of it.

I just want to get to this question about prevention, because there are two things: (1) cash for care. I would ask research to see if we can get an accounting of why this federal money of cash for care—where is that right now, the Ministry of Health and Long-Term Care? But in regard to prevention and about how to get a strategy that goes across the silos, would you be recommending to us that the local public officers of health, the district officers of health—is that the right kind of lead person in the local community to try to coordinate those resources so we can get the message of prevention out there? I mean, you guys are doing great work as the community, but what part of the government or where should you interface with our government to improve things?

Ms Atkinson: The system right now is very fragmented, so you have clients running to maybe St Leonard's House for support and then going to London for treatment, and then they're maybe seeing a gastrologist in Windsor. So it's very fragmented. We'd like to see it come together where it's under one clinic. We'd like to see something based on the HIV care programs where everything is under one roof. There are resources, there's support, there's counselling, there are doctors, there are nurses, there are blood labs, so everything is in one place, instead of having these people run as far away as Toronto to get treatment, to see doctors.

Mr Wilkinson: And the prevention strategy should be from what group?

Ms Atkinson: I think the prevention strategy should also be under that roof, where we continue. Right now we work at the Teen Health Centre and with the Hepatitis C Network. We work together within this community to do various prevention strategies such as visuals and awareness campaigns and different things that we do to just get it out there. We can say that the number of people being diagnosed has increased in Windsor and is steadily increasing, whether that's more people becoming infected or whether it's more people learning about the disease and then getting the idea to get tested for it.

The Chair: We move to the official opposition.

Mr Flaherty: Thank you for the presentation here. One of the purposes of legislative committee hearings is to be brought up to date on serious social issues, and you've accomplished that. Thank you for that.

I was reading through the paper and listening while you were presenting it. What I didn't pick up was an explanation, if there is one, for the reason or reasons why there appears to be substantial growth in the number of cases. I know about the blood services issue, of course, but what is happening out there, or do we know, that is being reflected in these substantial numbers?

1550

Ms Price: In many instances what we're seeing now is people diagnosed now who were actually infected 15 or 20 years ago. Those numbers are currently being reflected and they will continue to be reflected over the next 15 to 20 years. Yes, you're right. The risk of transmission through blood transfusion currently has been addressed and is less than 1%. We also have a problem

with injection-drug users. We're running into the situations you heard about today: homelessness and helplessness. There are people out there in that predicament who are injecting drugs. The situation inside jails, for example—tattooing and injecting drugs is very serious. Youth are going to get tattoos.

Luckily, we have been seeing a decrease in the number of cases province-wide in every year since the province started keeping statistics. I would like to continue to see that decrease. Quite frankly, I'd like to put us out of a job. You're going to continue to see an increase in hepatitis C infections, diagnoses happening, I'm going to tell you now, over the next 15 to 20 years from people who are currently infected.

Ms Atkinson: We also have incidents of immigrants who were infected through same-needle inoculations back in Italy and different countries where they did the same needle. So when they come over they could go years and years with having it and passing it on in the meantime before it becomes diagnosed.

The Chair: Thank you for your presentation this afternoon.

Mr Flaherty: Is there time for a motion? It's a short one. I move that the committee on finance and economic affairs recognize the safety concerns of the people of southwestern Ontario and heed the recommendation of the MPP for Chatham-Kent-Essex, Pat Hoy, in the Legislature, where he said, "I would say to the Minister of Transportation and the Minister of Public Safety" and Security "that we need to have fully paved shoulders on both sides of the highway"—401—"not just one side of the highway. We need that extra lane," on November 20, 2002, and that the committee recommend to the Minister of Finance that fully paved shoulders be installed on both sides of Highway 401 between London and Windsor, in an effort to address the traffic safety concerns that have arisen on this stretch of highway in recent years.

That's the motion, Chair.

The Chair: Thank you.

Mr Flaherty: It's self-evidently beneficial to the people of this part of the province.

The Chair: Is there any discussion? Hearing none, we will move to our next presenter, Dr Janice Bellemore.

JANICE BELLEMORE

The Chair: Thank you for your patience.

Mr O'Toole: There's no discussion on that?

The Chair: I asked for discussion; no one answered.

You 10 minutes for your presentation. You may use the time for that presentation in total or allow some time for questions.

Mr Colle: On a point of order, Mr Chair: Is she responsible for the gum?

Dr Janice Bellemore: Yes.

Mr Colle: Thank you very much. It's the first gift we've had.

The Chair: That's not a point of order. Please identify yourself and you may begin.

Mr Peterson: We can't chew and talk.

Dr Bellemore: Can you chew and listen?

My name is Janice Bellemore. I want to thank you, members of the standing committee on finance and economic affairs, for the opportunity to provide recommendations to the government of Ontario concerning Ontario health billing and reimbursement for optometrists.

The handouts there are not what I'm covering today—well, it is; it's just information that I received from the Ontario Association of Optometrists. It supports what I'm going to tell you today.

Before I begin I have two questions:

If you gave 150% at your job, were underpaid, hadn't had a raise in your salary since you started working, you'd been working for 14 years and your boss won't even discuss a raise with you—

Interjection.

Dr Bellemore: I was going to ask you if you would quit your job. Would you look for a new one?

Let me try this one:

If you owned your own business serving the needs of the community and helping thousands of people every year but you were making no money, in fact you were losing money, would you continue to be a good Samaritan or would you go get a paying job so you could support your family? What do you think is the responsible thing to do?

I'm an optometrist and those are the questions I ask myself.

I graduated from the University of Waterloo in 1990 with a bachelor of science and a doctor of optometry.

I've been practising in Windsor for 14 years.

I have 22,000 patient files and it's a minimum one-month wait to have an examination in my clinic. I am currently working 50 hours a week.

I love my job, I love my staff, and my patients are like my family and friends.

Optometrists are the main providers of primary eye care in Ontario. Over three million Ontarians visit an optometrist per year. We diagnose and treat eye disease and disorders and refer when appropriate. An eye examination involves determining the refractive, binocular and health conditions of the eye and visual system. On average, an eye examination takes about 30 minutes, and most of that is spent on eye health assessments.

Four years ago, when I was discouraged by all my hard work and lack of income, I hired an optometric consulting firm out of Nebraska. They made me realize that I made no money practising as an optometrist in Ontario. In fact, optometrists in Ontario recover the lowest reimbursement in Canada. My clinic loses \$3,000 a month. They told me that I could make money if I concentrated on selling glasses. I didn't go to school to sell glasses; I went to school to be an optometrist. However, when I realized that I am losing \$10 on every eye examination, \$700 a week, \$3,000 a month and \$36,000 a year doing only eye exams, I quickly learned how to sell glasses.

I spend 95% of my time doing eye exams and my staff sell the glasses.

I'm sad, I'm embarrassed, and I'm angry that after all my efforts, my education, my financial investment, I cannot afford to be an optometrist under the current funding.

Under the current funding, I cannot afford to be an optometrist unless I sell glasses. I can no longer afford new, state-of-the-art equipment for my clinic unless I sell more glasses. Someday I may not be able to see my glaucoma patients and my cataract patients, who are my friends now for 14 years, who are in all the time for health issues, because they may not buy glasses from me and I can't afford to see them. Someday I may need to close my clinic and only sell glasses unless I make money as an optometrist.

Half of my graduating class moved out of province to make better money. Seven or more of them have left Ontario since then. They started practising in Ontario and they left. My university roommate left optometry entirely and now sells pharmaceuticals. My best friend is selling her practice and going back to school for dentistry.

As optometrists, we have to rely on the good faith of the government to reimburse us fairly. This is not the case. Our patients need this to happen. The quality of care they deserve cannot be sustained by the current levels of reimbursement.

I recommend a significant raise in our fees or allow balance billing as you do for chiropractors or partially deinsure us, as is done in all the other provinces in Canada.

I want to thank you for your time, and I'd be happy to answer questions.

The Chair: Thank you for your presentation. We have about two minutes per caucus for questions, and we begin this time with the government.

Ms Marsales: I want to sincerely thank you for attending this hearing today. We did hear a submission by a fellow optometrist, and I have certainly had requests made of me in Hamilton from Dr Aldridge, who, as I mentioned to one of your colleagues—his father was the founder of the association. We have expressed how appalled we are at the current fee system that you're operating under. We hope to have an opportunity to look at that.

Is there any advice you could offer us, notwithstanding the fees, which could help us in our deliberation?

Dr Bellemore: I'm not exactly sure what you're asking.

Ms Marsales: In terms of policy, other than just the simple fee, is it just that one issue that the optometrists are facing right now?

Dr Bellemore: Oh no, there are a tremendous amount of issues we're facing. I'm just looking at one of them right now.

Ms Marsales: Could you elaborate?

Dr Bellemore: Sure. In other provinces, optometrists are able to use pharmaceutical drugs to treat their patients. I can't get an ophthalmologist to see a patient for conjunctivitis. So I have to send them over to the

drugstore to get Polysporin because I can't prescribe Polysporin to them, but it's an over-the-counter drug at the drugstore.

There are a lot of issues that optometrists are facing. We have to go with the times and do the same as all the other provinces. Optometrists in the United States are treating ocular disease, but in Ontario we can't. In Ontario we are not even paid properly for our services so we can cover our overhead costs.

1600

The Chair: Thank you. We'll move to the official opposition.

Mr Klees: You made reference to partially de-insuring as perhaps one part of the solution. If the government were to move in that direction, can you give me a sense of what the additional charge might be? What would happen to the actual charges themselves?

Dr Bellemore: I have some examples from all the other provinces in the back pages of the handout that I provided for you. In the other provinces, what they have done is that patients between the ages of 20 and 65 are no longer funded. Patients over 65 and under 20 are funded, and patients with ongoing health issues—diabetes, glaucoma—are all funded on a regular basis, and they're funded more than \$39.15 for an examination. I really don't know what they are being paid in the other provinces. I'm assuming around \$70 or perhaps more, but I really am not exactly familiar with what they are being paid.

Mr Klees: I think my colleague has another question.

Mr O'Toole: I hear from Karen Macpherson, who is one of the optometrists in my area, about the scope-of-practice issues that would allow you to do other procedures that now are only able to be performed by a general practitioner, who doesn't have nearly the training. Could you address that for the members of the committee who may not know the issue of scope of practice within optometry, ophthalmology and opticians? There's a huge issue.

Dr Bellemore: An optometrist is the primary eye care provider. The ophthalmologist is the surgeon. That's who we refer glaucoma and cataracts to. The optician is where you go to purchase your glasses. In Ontario you also purchase your glasses from optometrists, so that we can continue to be in business.

The Chair: We'll move to Mr Prue, of the NDP.

Mr Prue: A previous speaker, an optometrist—I think it was yesterday; it's all turning into a blur—talked about how the optometrists met with the previous government last July and it didn't go anywhere. Is there a move afoot to come back with a mediator? I think this needs to be resolved—it's quite clear it does. But I don't know whether your speaking to this committee is going to resolve it. I would like to see something a little bit stronger: a request for mediation, a sit-down with the minister. Quite frankly, I think that's what needs to be done.

Dr Bellemore: I'm not 100% sure, but I think we were almost there and now we're not. Yes, we do need a

mediator and we need to do something about this. Someone needs to listen to us. That's why I'm here today.

Mr Prue: So if this committee, in its wisdom, were to make the recommendation that a mediator be immediately established to sit down with the appropriate officials and representatives of the optometrists, you would be in agreement with that?

Dr Bellemore: Absolutely.

The Chair: Thank you for your presentation today.

RICHARD KNIAZIEW

The Chair: Dr Richard Kniaziew.

Dr Richard Kniaziew: Thank you, Mr Chairman. I feel at home. I have Bruce and I have Frank Klees here. Frank was from Leamington. God created Leamington, and he did such a great job that he decided to create the rest of Ontario. Anyway, I'm also an optometrist—

The Chair: Doctor, if you would identify yourself for the purposes of Hansard, so that it is on the official record.

Dr Kniaziew: Certainly. It's Richard Kniaziew, and I reside in Leamington. I'm here to speak as a taxpayer. I'm also an optometrist, and Janice spoke quite eloquently about problems in our profession.

To answer the question about scope of practice, in Leamington, for instance, if a person comes in and has an eye infection, we have one of two options: either send them to emergency, where they have to wait three to four hours to be treated, or send them to Windsor. What we have worked out with some ophthalmologists is that now we just pick up the phone and call, and they send a prescription to the drugstore and the patient can be treated and monitored. Four provinces in Canada presently allow optometrists to do that. Our training allows us to do that, but because of the turf wars in the past, OMA and other groups, the party chose not to grant us this. I'm looking to the Liberal Party to be more innovative, to look at the doctor shortages and visits and waiting times in hospitals and allow us to do what we trained to do.

I'm here to talk about three things, basically. One of the things I want to talk about is the minimum wage, because I'm an immigrant. Secondly, I want to talk about education. I used to be a school board trustee, and I understand education a little bit more than the average individual does. Thirdly, I want to talk about health care, especially access to physicians and health care availability in the community I live in.

Minimum wage: As an immigrant, when I came to this country I was fortunate, because my parents and I were able to work 70 hours a week making minimum wage. In the period of a year we were able to accumulate money and buy a home. Eight dollars an hour in a number of years is not enough, folks. My suggestion to this government is to become a little bit more proactive and increase it to \$10. What does it do? It increases spending money. It creates wealth for those people who need to work. Sure

it's going to cost industry a little bit more money, but that's offset by how much workers get paid.

You're looking at eliminating the 60 hours. If that was the case when I came to this country 39 years ago, we would not have been able to work 70 hours a week. We enjoyed working 70 hours a week, because we could get ahead. That was OK for us. Nobody put a gun to our heads. If you mandate 40 hours, I have a concern about that. My son is in farming. Because we grow peppers and they have to be harvested, you have to put in seven days a week. So the concern is there in our farming community, and Bruce is aware of that.

Mr Crozier: But they're exempt.

Dr Kniaziew: Now. Things are changing.

Education: Education is the most important thing we can give our kids and the future of our province. Go to province-wide negotiations. It would save you \$200 million a year. The teacher federations negotiate provincially. Our local unit doesn't move to negotiation unless the province tells them how to speak, how to walk, how to talk. So I suggest to you that by removing individual board negotiation and going provincially, you would save yourself about \$200 million a year.

Get away from confrontational negotiation. Go into interest-based negotiation. Each party in that advises what the problems are—puts them on the table—and each party finds a solution. Come up with a solution and then attach funding to it: Everybody's a winner. The CAW is doing that right now. When they negotiate with Chrysler and other companies, they're going to that type of negotiation. There's no more them and us. Get into that.

The other issue is health care and kids. Obesity in the States is costing \$75 billion. We're one tenth of the States, so it's \$7.5 billion. If you break it down to the province of Ontario, it's about a third of us. The cost saving if you address obesity is \$1 billion. How do you do it? The Liberals brought out 20 minutes of physical activity a day. Attach a grant portion to it so every school board gets a grant for bringing in 20 minutes of physical activity. What that does is change lifestyle. There's a new term now, "structural deficit." If you introduce lifestyles early that carry through life, over the next 30 to 50 years you have how many billions of dollars in structural savings?

I have to look at my notes here, because I got excited about health care.

The other issue is extracurricular activities. I hope the government realizes—my two daughters are teachers. They put in ample hours and coach all the sports. Twenty-year teachers choose not to do it, and that's their choice. I understand that. They're making \$70,000, and my daughters are making \$35,000. Where's the pay equity, folks? This is the year 2004. If this individual teaches the same chapters that individual does, why do we pay him half as much when he or she has to work twice as much? Attach funding to it so that if they do extracurricular activities, we pay them or give them something in lieu, like an extra prep period.

How much time do I have left?

The Chair: You have about five minutes.

Dr Kniaziew: Five minutes? Thank you.

Reduce the school boards. Initially when the NDP government came in—actually their Minister of Education, David Cooke, comes from Windsor—they said, "We have to reduce school boards. Everybody says the education system is going to fall." So they reduced it to 72 boards, and what happened? If you look at our scores, we're doing better. Things are working. I suggest we reduce to 30 school boards and go to regional boards. Do you know what the superintendents do today? They don't go into the schools any more. The schools are run by the principals and the parent councils; it's school-based management. By reducing that, you add another \$200 million to \$300 million a year in structural savings. So now I've saved you \$500 million dollars a year, haven't offended any unions, haven't offended any parents, haven't offended anyone. The only ones I've feathered hats with is bureaucrats. I'm sorry, but it was cost saving.

1610

If you go to a health care issue in my community—and it is not the NDP's fault; I was there during the social contract negotiations on behalf of my profession, sitting in a hotel—get rid of caps. What the caps have done in my community is, we had three physicians who were working 60 to 70 hours a week. They liked working 60 to 70 hours and provided care for their patients. When the caps came in and they could only bill \$300,000, they got rid of two thirds of their practices. That created a shortage of six physicians overnight.

If somebody wants to work 60 or 70 hours a week, provides good health care and sees the patients, why not? The OMA decided on caps, not the government. The OMA created that. I think the government of today should revisit this and look at it carefully.

The issue of scope: You have nurses and nurse practitioners. The NDP government—who was health minister? She brought in the nurse practitioners. We have a school in Windsor that produces nurse practitioners. The only difficulty was that the NDP didn't go far enough and didn't attach funding to it. So nurse practitioners graduate but can't go anywhere. They have to work for hospitals or doctors or clinics. But if you attach funding to it, all of a sudden they can set up clinics in Leamington, Harrow and Essex, and they can see patients.

What the Ontario Nurses' Association president tells me is that if you utilize nurses to the full scope they are trained to, you'll have too many doctors in Ontario. We don't have a shortage of doctors; we don't utilize the people we have in the profession to their full potential.

The Chair: You have about two minutes left.

Dr Kniaziew: I can go on for hours. I'm a proud Canadian. I love being in Ontario. We have the best country in the world. I've travelled the world. I look at our country, and I'm really proud of it. People are dying to get into our country. They want to get in because it's so great. We have the NDP, PCs and Liberals. We have a

vital government system, and I'm really proud of it. You should be proud of it too, because you're part of the greatest country in the world. I want to thank you for giving me an opportunity to speak to you.

The Chair: Thank you for your presentation today.

Mr O'Toole: Any questions?

The Chair: We only have about a minute left; it would be hard to divide a minute.

Dr Kniaziew: I can stay until tomorrow.

The Chair: We have others behind you, sir.

Dr Kniaziew: I'll buy dinner.

Mr Crozier: Wait, you're one of those poor optometrists.

Dr Kniaziew: No, I never said I was poor. I am a very wealthy person: I have a wife, four kids and a dog, and I'm very proud of being an Ontarian.

Mr O'Toole: Best presentation yet.

LEAMINGTON DISTRICT MEMORIAL HOSPITAL

The Chair: I would ask Leamington District Memorial Hospital to come forward.

Mr Klees: Chair, with your permission, while they're coming forward I'd like to put forward a motion.

The Chair: I had called the presenters first, so they have the floor.

Mr Klees: Fair enough. Can we do this immediately following?

Interjection: On a point of order.

The Chair: Good afternoon, gentlemen, you have 20 minutes for your presentation this afternoon. You may choose to leave time for questions, if you so desire. Please state your names for Hansard, and then you can begin.

Mr Cole Cacciavillani: My name is Cole Cacciavillani, and I'm here representing Leamington District Memorial Hospital. I'm chair of the board.

Mr Frank Zaitel: My name is Frank Zaitel. I'm the assistant administrator at Leamington District Memorial Hospital.

Mr Cacciavillani: Am I the last presenter today? So they saved the best for last?

Thank you, Mr Hoy and members of the committee, for allocating some of your valuable time to hear from the chair of the board of a small community hospital on what our board considers important in upcoming budget considerations.

Leamington District Memorial Hospital, as the only hospital in Essex county located outside Windsor, serves 50,000 residents of south Essex county and has an annual budget of \$26.5 million. Care is provided by 340 dedicated and caring staff and physicians through 81 inpatient beds and numerous outpatient programs and clinics. The hospital offers a 24-hour physician-staffed emergency department that helps 33,000 patients a year. Surgical services, obstetrics and internal medicine are major specialties of care. A very active diagnostic imag-

ing department with 40,000 visits supports treatment plans and confirms clinical assessments.

Premier McGuinty and his government made hospital funding a cornerstone of their 2003 election platform. I wish to bring the committee five areas that should not be forgotten in preparing the upcoming budget.

Hospital funding shortfalls: Ontario hospitals face a deficit of \$470 million in the fiscal year 2003-04. Many of these hospitals are in dire financial straits. Special funding assistance to these institutions is needed to maintain stable and sustainable health care. At the same time, I plead with you: Do not forget to also fund hospitals that have struggled to operate without creating an operating deficit. Government's stated policy on health care administration is one of accountability to the public and making sure that your health care dollars are invested wisely. Please reinforce this policy by rewarding good performers. For a hospital that has not generated a deficit in more than 10 years, not recognizing the hard work of hospitals without a deficit is an injustice and a major deterrent to responsible fiscal management.

Financial realities for 2004-05: Staffing costs represent 75% of the costs of operating a hospital. Some 85% of the staff are unionized and represented by strong labour unions such as CAW, ONA and OPSEU. During the past few years, average salary increases have exceeded 3% and the salary-related benefits push this figure closer to a 4% annual increase in compensation. Another related factor is the multi-step salary grids used in hospitals. Every year a staff person with limited experience moves up the grid in recognition of experience gained. The difference between the steps is 2% to 4%, and this automatic progression on the salary grid creates a grid creep of at least 1.5% per year. A number of hospitals have already signed collective agreements to 2006, and salary increases in these agreements are in the 3% range. Adding benefits and grid creep, the hospitals need at least a 5% to 6% increase from the government in order to maintain present services.

I need not mention the increase in the cost of drugs, medical supplies, energy and insurance premiums, nor draw your attention to the fact that each year 150,000 people, many requiring health care services, make Ontario their new home.

The stated need of 5% to 6% may even be low, as it is not unrealistic when one looks at where Ontario stands in bed availability relative to other developed countries—Ontario is at 3.2 beds per 1,000 population; France is at 6.7. Health care costs per capita in Ontario are \$2,245, and in the US, \$4,887. Recent international increases in health care budgets: Britain recently announced 7.5% in addition to their inflation rate. In the US, hospitals forecast 6% per year to 2011.

A realistic allocation for 2004-05 is absolutely essential. If realistic costs are not faced up front, the hospitals will be here next year asking for deficit remedy.

Multi-year funding: For a decade, the hospitals and other public services have been asking for a predictable long-term financial commitment. The government

expects the hospitals to have a strategic plan and multi-year forecast, yet the funding is at best year to year and does not fairly reflect market realities. As a business person, I could not operate an enterprise where my revenues were not predictable for a number of years. I could then tailor my expenses to the projected revenues. Is there anyone on this committee who believes it is good fiscal management to announce a budget increase in the middle of a fiscal year, for one year only, and furthermore when these increases are well below the real costs?

1620

There is a shortage of health care professionals. This area is especially underserved with physicians. Some 17% of the registered nurses residing in the Windsor-Essex county area work in the Detroit area. Not knowing what revenue will be available makes it extremely difficult to make meaningful commitments to professionals. Medical professionals, especially in border cities, are extremely mobile, and any hint of instability will cause an irreparable exodus. However, with costs increasing at 6% per year and government officials talking 1% or 2%, there will be a reduction in staff, there will be a reduction in care, increases in waiting lines and further loss of health care professionals.

A three-year funding cycle would indeed help in projecting levels of care, services offered and staff recruitment and retention. This request is so logical that one must ask, "Why did this not happen many years ago?"

Information technology: Although hospitals are in the business of providing care, the care is based on timely and accurate information. Therefore, hospitals are more and more in the knowledge transfer business. Professionals secure knowledge from patients and exchange and pass this information among caregivers. Exchange of knowledge provides for integrated and seamless care. Failure to invest in information technology deflects many of the government stated goals. As we all know, computers, networks and software programs are available to handle the vast amount of information and facilitate rapid transfer of this information. Hospitals lag behind the private sector in information technology. It is imperative that the government recognizes that information technology is an integral part of health care and starts funding the large capital costs of information technology. With federal support for health care expected, federal funds to this specific area present a real, cost-effective opportunity to improve the quality of health care.

Partnership: Our hospital is committed to working with other hospitals, health care providers and social agencies to improve the health status of the people we serve and provide a continuum of care. The three local hospitals provide all the required care to 95% of the local population without referral elsewhere.

A local success that needs recognition and is a good example of partnership is the integrated laboratory service, providing laboratory results to three hospitals—Hôtel-Dieu Grace, Leamington and Windsor Regional. The joint venture ensures that all three hospitals are

electronically connected, share data and reduce and in most cases eliminate duplication of service. It is the commitment to partnership that made this project a reality here, while the rest of the province is struggling with laboratory restructuring.

Formal partnerships should be encouraged, financially supported and acknowledged. Nuclear medicine examinations at Leamington hospital are only possible as a result of our partnership with Hôtel-Dieu Grace Hospital. Windsor-Essex is in the process of standardizing pain pumps between the three hospitals, the hospice and the community care access centre to make transfer and portability a non-issue.

Let me recap for you what, in my opinion and in the opinion of Leamington District Memorial Hospital and, for that matter, all Ontario hospitals, is of great importance in order that we, our children and their children can expect and receive good, publicly funded health care:

(1) The government must assist hospitals that are experiencing deficits but at the same time recognize those that have succeeded in operating within budget allocations.

(2) The government must be realistic in granting funding increases each year that more closely approximate market realities.

(3) Good planning and responsible fiscal management has a multi-year timeframe; therefore, multi-year funding is a necessity.

(4) Without reliable and timely information, quality patient care is a myth. Information systems are as important as operating room lights.

(5) No person is an island. Partnership and innovative non-territorial thinking is a way to ensure that our highly regarded and respected health care system survives.

The Chair: Thank you for your presentation. We have two minutes per party for questions. We'll begin with the official opposition.

Mr O'Toole: I'll just make a quick comment. On the technology part, I was PA to health and I can tell you we have—in Management Board some decisions have been made—billions of dollars in technology commitments. I'm going to name some of them to put them on the record.

The Smart Systems for Health Agency is the huge, single most important decision that this government will have to move forward with. It's all contingent upon the health privacy debate, Bill 8, that is before one of the committees, and Bill 31. E-health is up and operational, as is telehealth. The other one is the NORTH Network through Sunnybrook, dealing with distance medicine. There are huge amounts that are there and committed. That infrastructure is critical to the overlap and duplication you referred to.

I commend your hospital for the work you're doing. If you'd care to respond, there are a number of—with the partnerships and innovations opportunities, whether with labs or other service providers, hospitals to some extent have been leading the way, whether it's laundry, food services, whatever. There are better ways of doing things.

Stick to core business like any other business and do it under the Regulated Health Professions Act and you're on the right track.

Mr Cacciavillani: That's what we're doing.

Mr O'Toole: Great. Excellent job.

Mr Prue: I want to go to your second point on the last page, "The government must be realistic in granting funding increases each year that more closely approximate market realities." We heard from some of the staff on the first day of these hearings, and that was one of the questions I had: Why were they going so much more in inflation as anticipated revenue needs? The explanation they gave was very much the same as what you're suggesting here today. So I think you've already at least convinced the staff.

But 6% still seems a little bit high to me. It seems a little bit high when you consider—I don't know, I just have a little bit of a problem with what you call the—

Mr Cacciavillani: Grid creep?

Mr Prue: Grid creep, yes. I think that is so commonplace in literally almost every industry, every job. It's just a factor. It's just a factor wherever you go to work—a factory, a supermarket.

Mr Cacciavillani: Yes, it's a factor, but in industry you can be much more innovative in how to generate other revenues. With a hospital structure, we're limited in what we can do and where our revenue can come from. We can't give less care, we can't turn out 300 more patients and expect our gross income to go up. It doesn't quite work like that. So grid creep is a big problem. Yes, it's in every industry, but it really shows in the health care field because of how we are funded and how we can generate revenue, which is very limited.

Mr Crozier: Thanks for coming, Frank and Cole. On behalf of Pat and I, who kind of share Leamington hospital, I'm pleased that you're here today. Of the five points you've made—and they're all good—I would re-emphasize two of them because they're indicative of Leamington District Memorial Hospital, as far as I'm concerned. You do operate very efficiently. I think there should be some way to reward you other than just a pat on the back, because there are other hospitals that, hard as they might try and for whatever reasons, have deficits that governments then have to cover. So I take that point well, and we'll take that back to the Minister of Finance and the Minister of Health, as well.

The other point was on responsible fiscal management and a multi-year timeframe. It's one that governments always suffer from. I guess we're in the best position to do that, because presumably we have three and a half years or so left in our mandate. But as you're aware from your experience in it, governments kind of work from election to election, and other than declaring ourselves a dictatorship for the next 10 years, we'll have to work on that one. But I think the point is well taken. It's also that way in education, but certainly in health care you could plan much better if you had commitments for multi-year funding. I just want to thank you for being here. You're a

great rural and small community hospital that's doing a great job.

Mr Klees: On a point of order, Mr Chair: Two issues. I want to congratulate the board on a job well done. It is a great hospital. My daughter was born there, and she's doing just fine. She's 25 years old, and I'm proud of her.

Chair, I have a motion I'd like to put forward for the committee at this point, with your permission.

This is a motion regarding the border issue here in Windsor. I had meetings this morning with representatives from the trucking industry as well as the tourism industry and business. The motion reads as follows:

That the standing committee on finance and economic affairs identify the Windsor-Detroit border as a priority for the government of Ontario and recognize that the current situation which is resulting in lengthy delay and traffic gridlocks, is having serious negative effects on the local and provincial economy and is affecting the quality of life of local residents; and

That the committee request that the Minister of Transportation and the Minister of Finance take immediate steps to begin implementation of the nine-point plan announced by the provincial and federal governments and that the financial commitment of \$300 million in support of this plan be confirmed in the 2004-05 budget.

The Chair: Any comment?

Mr O'Toole: Yes. I think we witnessed last night on the way in on our bus—

The Chair: You have up to two minutes.

Mr O'Toole: I won't take all two minutes. I just think of road safety in this area. Mr Crozier, Mr Hoy, you've long argued for the importance of that corridor, and I commend you for it. We're here. We saw it last night. The border congestion here in Windsor is worse than I thought it was, really. I think maybe it was that the representation didn't make the point with our then-ministers of transportation, but certainly we've seen it and we want to make the point.

The Chair: Any other comment?

Mr Prue: I don't know, maybe I banged my head this morning, but here I am agreeing with them again. Although that has not been before this committee, and all we saw was from driving in on the bus, it is a point well made. I'm sure this community would very much appreciate some recommendation coming out from the committee in due course. I know that a lot of it is a federal matter; it's related to trade, it's related to September 11. But if we can improve the highway system—even putting in another bridge that's especially for trucks. I don't know what could be done, but if it can be done, certainly I think the residents of this community would be most appreciative.

The Chair: Any other comment?

Mr Crozier: We, of course, have been working on this for some time. We don't mind somebody else jumping on the bandwagon to help us out.

The Chair: Thank you. This meeting is adjourned.

The committee adjourned at 1633.

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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Monday 2 February 2004

Journal des débats (Hansard)

Lundi 2 février 2004

Standing committee on finance and economic affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Chair: Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 2 February 2004

Lundi 2 février 2004

The committee met at 0900 in room 228.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will come to order.

ARTHRITIS SOCIETY

The Chair: I call forward the Arthritis Society. Good morning. You have 20 minutes for your presentation. You may leave time for questions if you so desire, and I'd ask you to please identify yourself for the purposes of our recording Hansard. You may begin.

Ms Jo-Anne Sobie: Good morning. My name is Jo-Anne Sobie. I'm executive director for the Arthritis Society, Ontario division. With me are Denis Morrice, the president of the Arthritis Society; Catherine Hofstetter, a patient and a small business owner who has arthritis; and Ivan Ip, who is vice-president of client services for the Arthritis Society, Ontario division.

Before we start, I would like to just say a few words regarding the relationship between the Arthritis Society and the Ontario government.

For over 40 years now, the Arthritis Society and the Ministry of Health and Long-Term Care have worked together to provide specialized rehabilitative programs for Ontarians with arthritis. Currently we're working very closely with staff, with Deputy Minister Phil Hassen and with his assistant deputy ministers to find some creative solutions.

We understand, coming into these consultations, the real issues that this government has to face by way of a \$5.6-billion deficit. We're very sensitive to that and we want to say up front that our organization is willing and very eager to work with the government to find creative solutions to our health care issues in Ontario in the long run. So please, everything that we say this morning should be taken in light of our willingness to find ways to work within the resources that are available.

We're here today to speak on behalf of the 1.6 million Ontarians who have arthritis to ask you to collectively find the political will to take the actions necessary to address the barriers to care for Ontarians with arthritis. I'd like to outline the challenges that arthritis presents both in financial terms and in human terms.

Arthritis is one of the most common chronic conditions. The term "arthritis" refers to several different diseases—100, in fact—that affect the musculoskeletal system.

Rheumatoid arthritis is an autoimmune disease that involves inflammation and tenderness of the joints. Progressive disease can result in joint deterioration and destruction. It has been estimated that rheumatoid arthritis affects 1% of people in Canada.

Osteoarthritis, or degenerative joint disease, is the most common type, affecting at least 12% of all Canadians. From age 40, changes in the weight-bearing joints occur and symptoms, chiefly pain and stiffness, may begin to appear. Osteoarthritis most commonly affects the knee, hip, spine and hand. It's thought to have a combination of causes, including mechanical stress and biochemical, genetic and hormonal factors.

Other arthritic diseases—there are many, and I'm only going to pronounce a few because many are too hard for me to pronounce—include juvenile rheumatoid arthritis, lupus and gout. Fibromyalgia is also another key disease.

Arthritis is not just a health care challenge, however. It's an economic challenge that's currently costing Ontario billions of dollars a year.

The national cost of musculoskeletal disease, for which arthritis makes up 25%, is over 1% of the gross domestic product, or approximately \$11 billion per year. It is the third-largest contributor of lost productivity and it accounts for almost 40% of long-term disability—\$12.5 billion. Musculoskeletal disease ranks second only to cardiovascular disease as the most costly diagnostic category in Canada.

Some 17.5% of the population of Ontario has arthritis—1.6 million people. This is up 26% since 1992, compared to an overall population increase of 18%. One in five Ontarians with arthritis is under the age of 45. By 2026 it is projected that the prevalence will reach 22% of the population of Ontario.

Arthritis disability has a dramatic impact on people's lives, affecting everything from the ability to take care of day-to-day tasks to maintaining employment. Evidence shows that early diagnosis and treatment, including the use of critical drug therapy, combined with a comprehensive approach to disease management, specialized rehabilitation and patient education will substantially improve the long-term outcomes for people with arthritis. Access to drugs, especially for rheumatoid arthritis, for

people who are under 65 years of age and who are without supplemental health insurance is an important issue.

However, even if drugs are available, not all eligible patients have access to them. Because of the potential for side effects, specialists usually prescribe these drugs. Given the shortage of rheumatologists in Ontario and reported barriers to providing adequate care, access to care is also clearly an issue. The shortage of specialists puts pressure on family physicians who lack the time and specialized training to provide arthritis patients with proper diagnoses, treatment and long-term management of their illness. Even when a patient has a specialist, the time required to complete section 8s to qualify for drug compensation often means the patient suffers without the drugs for long periods while waiting for approvals.

In the traditionally underserved areas of Ontario, people with arthritis are going without the drugs, medical management and rehabilitation they require to optimally manage their disease. Bridging this care gap is a major challenge for the future of arthritis care and one that will require innovative and imaginative solutions in light of a shortage of resources.

Sadly, all evidence points to a widening gap for care of arthritis. Indeed, no vision or plan for health care in Ontario can be considered credible unless it addresses arthritis.

While arthritis drugs can be expensive, the fact is that at least two thirds of the total costs of arthritis are indirect costs of disability, and these provide a measure of lost productivity. The challenge of reducing the overall costs for arthritis then becomes one of reducing the associated pain and disability.

Evidence-based guidelines for the management of arthritis have shown that the following interventions have the potential to reduce pain and disability: treatment of early rheumatoid arthritis, and diagnosis of it, with disease-modifying anti-rheumatic drugs; hip and knee replacement for advanced arthritis; and for the reduction of pain, treatment with analgesics or non-steroidal anti-inflammatory drugs, land- and water-based exercise and rehabilitation.

The delivery of most of these treatments lies within the scope of the health care system, creating the following real dilemma:

To reduce the societal costs of arthritis by relieving pain and suffering in the short run, health care expenditure must increase. The strategic deployment of health care dollars must be made to diminish gaps in care to ensure that people are not unnecessarily disabled.

Primary care reform must ensure access to services, improve diagnosis of arthritis, encourage appropriate drug use and assure timely referral to specialists.

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The Arthritis Society, along with the Ministry of Health and Long-Term Care and partners in the health care and chronic disease community, has and continues to undertake innovative patient-centred projects to identify new sustainable models for care.

For example, one model being tested in Timmins uses therapist clinicians to carry out assessments and refer patients to specialists who travel in from Toronto—a triage of sorts.

Another project uses therapist clinicians working with orthopaedic surgeons to provide early rehabilitative intervention to patients waiting for joint replacement surgery. Currently in London, we have a project right now, and preliminary results have shown that, while this is not addressing the unacceptably long waiting periods for patients, it is reducing the pain, stress and anxiety that go along with waiting for up to 18 months for surgery.

Arthritis and related conditions create a large burden of morbidity and disability in the population and consequently represent a high cost to society. The Ontario health care system is oriented to acute care and short-term needs and, as a result, it may not be in the best position to deal with long-term and evolving diseases such as arthritis. As the population ages, this burden can only be expected to increase.

Over the next few weeks and months, reports from the Ontario joint replacement registry and the new ICES Ontario Arthritis Atlas will be released, and meetings will be taking place in Ontario to identify further projects to address the lack of capacity for joint replacement surgery, as well as the lack of access to treatment.

Today, we are asking you to take the brave step to invest in the short term in order to have future health for Ontarians. We're asking you to:

(1) Include all arthritis drugs that have been approved by Health Canada in the Ontario drug formulary, allowing physicians to make well-informed decisions about drug therapies for their patients. In fact, studies have shown that this will, in the long run, save dollars.

(2) Work with the Arthritis Society, continue to work with us, as you have been for many years, and with our partners to find innovative ways to increase the capacity for joint replacement surgery specifically.

(3) Expand funding for the Arthritis Society's community arthritis rehabilitation and education program, to provide specialized patient-centred arthritis rehabilitation in the community.

(4) Support the creation of multi-disciplined primary care groups that can more effectively manage chronic disease in the community.

(5) Provide increased funding for the training of health professionals in all disciplines, especially therapist practitioners who can assist primary care physicians and specialists in the diagnosis and management of the disease.

I would like to remind you that we are facing a critical shortage of health care professionals, as a large percentage of these people will soon be nearing retirement age. If you do nothing, the sheer numbers of Ontarians with arthritis and other chronic diseases will cripple the system, putting the future health of Ontarians at grave risk.

The Arthritis Society wants to work closely with the government to seek long-term solutions to these over-

whelming problems, and we are confident that together, we can make this system work.

I would like, before we open to questions, to ask Catherine Hofstetter to speak briefly about her experience as a person with arthritis and a small business owner.

Ms Catherine Hofstetter: Good morning. Thank you for the opportunity to speak to you today from the perspective of someone who lives with severe rheumatoid arthritis and from the perspective of an employer in Ontario.

I was diagnosed almost 12 years ago with severe rheumatoid arthritis, and the onset of my disease was extremely acute. Within just a couple of months of the first symptom of disease, the hallmark symptoms of pain and swelling were presenting in 54 of 68 accessible joints. So I was referred to a rheumatologist and I got in to see that rheumatologist in two months, which was the typical waiting time at that time. Now that same rheumatologist is booking patients 15 months out. So if I had had to wait 15 months, I don't know what I would have done.

As an employer in Ontario, I employ 20 people peak season. I run a small fence contracting company in Scarborough and I employ 20 people peak season. Those men, mostly men, are people with families and homes and mortgages and car payments, and they fully realize that without the medication that I need, I'm going to lose my business. I am a one-man band in my business and I'm going to lose my business. If I go, everyone goes, so we'll all be unemployed at that time.

I assumed when I got arthritis that the biggest problem would be getting the diagnosis. I assumed wrongly, as a lot of Canadians probably do, that whatever treatment I would need would be forthcoming after that. I learned quickly that that just wasn't the case. After nine years of different type of disease-modifying drugs and non-steroidal anti-inflammatory drugs, everything that I had tried failed and I had run the gamut of all conventional drug therapies. So I was prescribed one of the new biologic drugs, which is Enbrel, which has completely turned my life around, but it presented a whole new set of problems for me.

I had lost my medical insurance, and being a small business owner I don't have disability insurance and I don't have any medical benefits. So I applied to Trillium and I was approved for coverage under Trillium, but the biologic drug that I was on also requires a section 8 to get coverage for that through Trillium. It took me five months to get approval for my section 8. It was five months of hundreds of letters and hundreds of phone calls and some very unabashed grovelling. I wish Mr Prue were here, because Mr Prue is my MPP, and he knows me quite well from my fight for my section 8. I did get it, but that approval is on a yearly basis.

What it has done to the morale of my employees is unimaginable, because they know that our business exists not based on the price of steel from year to year but on the price of my medication. My medication does cost

\$25,000 a year, and I understand that is a huge price tag to pay. Last year, I paid \$8,000 of that myself between my deductible and what drugs weren't covered under the formulary. I am willing to accept that, and I do what I have to do to pay that, but the \$25,000, I think, is a very small price to keep me employed and keep me running my business, because after all, what is the cost of the disability?

I also realize that it's going to be a continuous fight, because I don't think that Enbrel, my biologic drug, will work forever for me. I'm only 12 years into the disease, I'm 48 years old, and I know that probably down the line I'm going to need something else and it's going to be newer drugs and they're going to be as expensive if not more expensive. I also understand that I won the battle but I haven't won the war yet, that it will always be a fight for the newest medication to keep me active and keep me employed and keep me contributing to my community.

I do understand that I do need to give back to my community, and there are a couple of ways that I've been doing this. I volunteer with the Arthritis Society in leading their arthritis self-management program, helping people to acquire the skills they need to manage their disease. Working with those people I see faces of people who are absolutely terrified that their disability is going to cost them their job. If it costs them their job and their career, what's it going to do to their family? It has huge impacts. It doesn't just affect the person who has the disease; it affects homes and marriages and families and friendships and all kinds of things down the line.

I also work in a program called Patient Partners in Arthritis, where people with arthritis have been trained to do a full-body musculoskeletal examination. We work with family doctors to help them gain confidence in their skills to diagnose arthritis. We work in 12 of the 16 medical schools across Canada, helping medical students learn how to diagnose arthritis properly and to understand the impact of it, so that people can get a faster referral to their doctor.

I guess the message I really want to leave you with today—above my own that I need to stay employed and keep my people working—is the message from my arthritis community, the people I work with who have arthritis, who live with arthritis: We're a little bit tired of just being part of the problem; we want to work together with the Ontario government to be part of a solution. Thank you.

The Chair: Thank you. We don't have time for a full round of questions, but we will have this one question go to the official opposition. You have two minutes, and I would ask you to allow time for an answer. We go to Mr O'Toole.

Mr John O'Toole (Durham): Thank you very much for your presentation, specifically your testimony, Catherine. It is quite revealing, and I understand that in your own letter here it describes in some detail your fight for section 8. I had a question and you've answered it—\$25,000 per year is the cost of the medication. What is

the cost of the other one, the one that is listed on the formulary?

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Ms Hofstetter: There are no biologics that are listed on the formulary.

Mr O'Toole: No, I mean the other medication you were on.

Ms Hofstetter: The other medications? The disease-modifying drugs? My drugs were probably about \$400 to \$500 a month before the biologic. The biologic itself costs \$20,000 a year, and then in combination with the other medications that I require to keep my disease under control it's \$25,000.

Mr O'Toole: I'm just going to ask this in the form of a question. The federal government has asked for years for a national program for pharmaceutical issues. I can tell you I have written directly to the Minister of Health when we were government—in fact, I worked with him—and I feel the whole issue of the federal government approving them and then the provinces listing them or not listing them is kind of like a shell game. We all know that pharmaceutical products are the highest, fastest-rising cost in health care. What are your thoughts in terms of sorting out some of this who-does-what in health care, asking the federal government to look after all the pharmaceutical issues and the provinces look after the rest under the Canada Health Act? What's your response to that? It sorts it out, in terms of blaming each other. It's really not helping you and patients.

Mr Denis Morrice: You're right on. We have to stop the blame game. When we're approving drugs right now, in Health Canada we're talking about over 700 days to get a drug that people in Australia and the United States have got access to and Canadians don't. On top of that, right in Ontario itself, after those 700 days, we're talking about another 500 days. So you think, if your child was ill and you're trying to get access to that drug, the frustration that is there, the disability that it's causing.

I agree totally: It has to go into a type of national pharmacare program where everyone can start to understand it, where we can take a good look at the reviews, we can take a good look at the approvals and who has access to those and step it right back to the best practices.

We're very involved with the Cochrane Collaboration internationally and we're saying, "Here's how it should be done." We're very clear on a national pharmacare program and we certainly support that. That blame game really does have to stop.

It's the same with the joint replacement registries—45,000 hip and knee replacements done last year. We have 50,000 people waiting, and those are just the names, never mind the other people where they've stopped taking the names. Without the access to the medication we're causing disability, and that's the bottom line.

The Chair: Thank you. I would call forward Canadian Waste Services Inc.

Ms Marilyn Churley (Toronto-Danforth): On a point of order, Mr Chair: I just want to say, on behalf of Michael Prue, he regrets he couldn't come this morning.

The Chair: That's not a point of order.

CANADIAN WASTE SERVICES INC

The Chair: Good morning. You have 20 minutes for your presentation. You may leave time for questions if you so desire. I would ask you to provide your names for the purposes of Hansard. You may begin.

Mr Cal Bricker: Thank you, Mr Chair. I'd like to begin by first thanking the committee and you, Mr Chair, for giving us the opportunity to speak this morning. I'm Cal Bricker, vice president of public affairs for Canadian Waste Services, and beside me is Jessica Campbell, who is the director of regulatory affairs and compliance. She's here to help provide some technical assistance. I'm more of a government-relations guy; she has the technical know-how to be able to manage some of this stuff.

We will try to run through this quickly because we know you have a number of folks who are trying to appear before you this morning, so I'll get right to it. What we're going to provide is first a snapshot of waste management in Ontario, some of the challenges we see in front of us; some public perceptions—we have some new public-opinion data that we'd be interested in sharing with the committee; Canadian Waste Services' business in Ontario and what we're trying to do to help manage this waste disposal issue in Ontario; the current log-jam we have in terms of being able to expedite waste disposal in the province; and a simple fix that we believe will help create a real opportunity to create a made-in-Ontario waste disposal situation.

The importance of appearing in front of this committee is really that we see this as a fiscal issue for most municipalities. It's a major expenditure item for all municipalities in the province. A StatsCan survey in 2000 indicated that there was about \$520 million in operating expenditures paid in the province for dealing with waste management, about \$54 million in capital expenditures, another impact based some of the blue box things because municipalities are the ones that pay for blue box, although the WDO is going to be helping out with some of those expenditures; then there is the private sector component to this waste management, solutions that we currently offer, which helps mitigate some of the costs that the municipalities have to bear in this area in the sense that we bear the capital costs on some of the things associated with managing the waste management issue in the province.

In terms of public opinion, Ipsos-Reid did a survey in December 2003 for Canadian Waste, looking at this issue in Ontario. This is an unaided response. I know everybody around the table is pretty familiar with public opinion data. This is a fairly startling number and it surprised me, because I've been doing public-opinion polling for a long time and it was a bit of a shock—but essentially unaided, asking this question about how many people in Ontario see waste management and waste disposal as a real issue. Some 89% identified it as a priority, with 50% seeing it as a major priority. This is lined

up against water, air and a whole bunch of other components of environmental impacts in Ontario. I think one of the reasons that drives this number is really that waste management touches most people at least once a week: They take their garbage to the curb, they have it picked up, and it magically disappears somewhere. Well, it doesn't magically disappear; it has to be managed.

In terms of waste generation in Ontario, here are some of the metrics in the sense of what we're dealing with. The real number to focus on here is the fact that we ship three million tonnes of waste that's produced in Ontario across the border to Michigan, which creates a number of issues. One of the things I'd like to note in making this assertion is that it's important to note that this isn't just a Toronto problem. Only one million tonnes of the waste is solid waste from Toronto. The other two million tonnes come from around the province. For the most part, this issue has been debated as if it was just a Toronto issue only and I'd like to point out to the committee that two thirds of it comes from places other than Toronto.

This number is only going to go up as the population of Ontario grows for the next few years. The fact that we send waste across the border creates a number of risks for the province that we've really seen in a palpable way in the last year.

Disruption due to weather: We can't get the waste out of the trucks. It freezes on the trucks, so it sits across the border until it thaws out and we can dispose of it.

Security and health issues: As a result of the BSE scare, the mad cow scare this summer, the United States closed the border. We had trucks lined up for miles from the Blue Water Bridge without an ability to dispose of that waste anywhere in the province, because the disposal capacity doesn't exist.

Waste diversion is a laudable goal and we fully support it. I'll talk a bit about that in a second. But we're very challenged in this area to get to the 60% goal that the government has in the next five years, and we can discuss that in more detail if you'd care to.

The big issue is that there is really no disposal capacity in Ontario right now that we can rely on to deal with this three million tonnes of waste. One of the real reasons for that is that the environmental assessment system we have in the province is essentially fractured and doesn't work.

We're helping, I think, to get to the 60% waste diversion target that the government's set for itself. I can go through these metrics, but really the point here is that we're the biggest waste disposal company in North America, we're the biggest recycling company in North America, and we have the technologies and the ability to help manage this issue. In fact, we actually do play a very big role today in helping manage this issue. We provide recycling service to about 2.3 million Ontario homes today. But if you can't divert all the waste you've got to dispose of it somewhere. We're a leading-edge technology in this area as well.

For example, in Quebec last week we announced a partnership with GazMétro and Cascades whereby the gas from a landfill that we operate in a place called Ste

Sophie is tapped and used to power the entire energy needs for our pulp and paper mill in Quebec. So landfills aren't just holes in the ground any more; they're actually energy generation facilities. We have a real interest in starting to introduce some of this technology in Ontario, but we can't do it because we can't get through an environmental assessment in the province.

We have two projects underway right now—Warwick and Richmond. We've been at them for about five years each in terms of public consultation. I can talk to you in more detail if anyone has any questions. That would take out of the mix about 1.5 million of the three million tonnes that we currently have in disposal shortfall in the province.

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We've been at these projects, as I said, for five years and we're still no closer in getting them actually on line and operating because, again, the environmental assessment system in the province doesn't allow us to proceed. One of the reasons is that the terms of reference we were using to do this, under the old Environmental Assessment Act, were thrown out in court this summer. So we've got some challenges in this area.

The Liberal government actually had dealt with this problem previously, in 1987. The Honourable Jim Bradley, at the time, had put in place some measures that we think were very good for managing environmental assessment in the province of Ontario for private sector waste proponents like us that we'd like the government to take another look at. I won't go through the details because I know we're pressed for time. But there are some quotes and some provisions from that protocol, I would describe it as, that we think are very helpful and the government should revisit.

In our view, what really needs to be done is to put in place some kind of measures whereby a private sector proponent like us could get through an environmental assessment and actually provide the infrastructural improvements, ie, waste disposal options for the province, because right now they don't exist, and unless something is done to fix this, they won't exist.

With that, I'd thank the committee for listening to our presentation and invite any questions.

The Chair: We have about three minutes per party. We'll begin this time with the NDP.

Ms Churley: Welcome. I'm a little bit confused by your statement, "The minister recognized inherent limitations of private proponents to consider 'alternatives' to their proposed project." Under the previous Tory government, as you well know, the Environmental Assessment Act was drastically changed so that anybody sent to a full EA could sit down and scope the terms of reference. In fact, having to look at alternatives to the undertaking, alternatives to the site, were two pieces that the previous government withdrew from the environmental assessment. So I'm just wondering: Is what you're saying is there is now just nothing in place for the private sector?

Mr Bricker: Essentially, there's nothing you can rely on in terms of understanding what an alternative to your

proposed facility would be. We can look at everything from loading garbage on rockets and firing it to the moon if people want. What has ended up happening is we have these endless debates about what the alternatives to a site are, what the alternatives to technology are. For a private sector proponent, we can really only do the business that we're in. We can't be expected to do other businesses.

Ms Churley: Right. So what you're saying is that what you'd like to see the government do is come up with a strong policy on what its waste management policy is and if it wants to—as it should—invest in helping municipalities with composting programs, for instance. They should come up with the policy and then, within that framework, you can operate within that to do the piece that you can do within the framework.

Mr Bricker: I don't think I could have said it better. As a private sector proponent, all you really want to know is what the rules are. If you need an alternative in there, we'll take a look at that. If you don't want it in there—and in 1997 they amended the act not to have it in there. We can only deal with the rules that are in front of us.

Ms Churley: What's happened with the particular project you referred to that you've been working on? I forget where it is now.

Mr Bricker: It was Richmond and Warwick.

Ms Churley: Yes. Is that now just dormant? Nothing is going on?

Mr Bricker: We hope to be able to continue to press it ahead because I think the province needs them. We've got five years of consultation—probably the most consultation that has ever been put into a project of this nature, that I know of, in Ontario, anyway.

Ms Churley: Did the previous government just stop it or what?

Mr Bricker: No, there was a court challenge to the terms of reference under which it had taken place in Richmond. As a result of that, the terms of reference were quashed and we couldn't proceed. What's happening right now is we're still in discussions with both municipalities because I think, at the end of the day, everybody's interests are served by having a thorough environmental assessment.

Ms Churley: What's the main thing you're asking the committee today? What is your major recommendation?

Mr Bricker: The major recommendation would be to be in place a mechanism—very similar to what you just said, Ms Churley—whereby we can understand what “needs” and “alternatives to” need to be. We can put that into a terms of reference and proceed, but right now, today, it doesn't exist, and it's before the courts. We would prefer not to see a court resolution. We'd rather deal with it in a policy sense.

The Chair: We'll move to the government.

Mr Mike Colle (Eglinton-Lawrence): Thank you, Mr Bricker. Do you have a figure on the cost of exporting three million tonnes of waste to the United States by—I guess it's mostly municipalities, isn't it?

Mr Bricker: By municipalities all across the province. Jessica, do you have a sense of that?

Ms Jessica Campbell: There would be a large component of industrial-commercial waste in that three million mix. It's not just all residential waste. One million tonnes from the city of Toronto.

Mr Colle: How much?

Mr Bricker: What's the number?

Ms Campbell: I don't have an answer for you on that.

Mr Colle: What's the cost of the city of Toronto's and York region's exporting to Michigan, trucking the waste to Michigan?

Mr Bricker: It's tens of millions of dollars. We can get a number. We'll get back to the committee with a number.

Ms Campbell: We can get that number.

Mr Colle: The last time, as I recall, I think Toronto's was costing about \$56 million a year—Toronto alone.

Mr Bricker: That sounds right; it's in that neighbourhood.

Mr Colle: I'll ask research to get those numbers, the cost of exporting. In fact, I think you should change your name from “waste management” to “resource management.” It might get a little further in terms of making people understand what we're dealing with.

The Chair: Mr Racco, you have about a minute and a half.

Mr Mario G. Racco (Thornhill): To continue on the same question, I'm interested to know the actual cost to Ontarians for disposal. In particular, I have a question that maybe you can answer.

In your opinion, what is the best way for us to dispose of garbage: by using incineration or by disposing of it?

Mr Bricker: In my mind—

Ms Campbell: It's a public policy, isn't it?

Mr Bricker: It really is a public choice. There are advantages to both technologies. We have most experience with landfills, although we operate a big incineration business in the US. It depends on what you want to do, on where you want to site it and how you want to operate it. I think they're both good technologies.

Mr Racco: If you're using both of them, from Toronto's point of view, which one do you think is the best one from an economic point of view?

Ms Campbell: From an economic point of view, incineration is much most expensive than operating a landfill with today's standards. One way of looking at that from the public side is that money spent on incineration is perhaps money that's also diverted from recycling initiatives, because it's usually coming from a similar pot. I don't think you could say one is better than the other. Both of them can be run environmentally responsibly.

Mr Bricker: It's far more capital-intensive to get it set up.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you for your presentation. Just a bit of history: You mentioned Mr Bradley's comments on the energy-from-waste initiative, and perhaps my ques-

tion will lead that way. But I think back further when I was a regional councillor and that's when in the government of Ms Churley's time there was the Interim Waste Authority. So garbage has been studied and we've created lots of garbage studying it, actually.

I guess my point is that you're right: The current climate for anyone making a long-term commitment, whether it's for a sustainability argument under energy to waste, is sort of being reviewed in the case you mentioned in the courts. It's going to clearly define, I think—it's too bad it's done in the court. But clearly, no government has had the courage to actually give you a long-term strategy, because it does have great implications for the whole waste diversion issue. If you start to go with the incineration option, then clearly that whole waste diversion organization is in jeopardy because all the stuff is incinerated.

You're professional. Both of you people have training in that area. Energy from waste: In the climate today, whether it's through incineration or through the gas that's recaptured from methane, is that, as you see it, in the future? We on the alternative fuels committee did look at that and found that, even today, there are sites where they are capturing the methane gas to generate. What would you as professionals or scientists like to see in terms of following that course, to provide safe emissions and all the other management of the materials left after incineration? Is that something the government should be pursuing?

Mr Bricker: Absolutely. I can tell you the government of Quebec last week—we made a multi-million-dollar investment in this facility. I liked the member over here—I can't read your name, unfortunately—your reference to the fact that it's resource management, because it really is. As hard as it may be to get your head around this, waste really is a resource, and it can be managed in a whole bunch of very positive ways. One of them that we're particularly adept at, and we're probably the leading experts in the world at doing this, is taking that methane, piping it into different facilities, into towns, into things like an entire—it's sort of hard to imagine, but landfill gas from one landfill is powering an entire pulp and paper mill.

0940

Ms Campbell: I don't want to interrupt, but the two landfills that we're actually going forward with our environmental assessment of, if they're approved and operated as we would like to operate them, with gas collection systems, combined will generate 25 megawatts of electricity, which will then power homes and offices. Those are the things we would like to do.

Mr O'Toole: The broader issue of recycling is important, and it's an important debate to engage the public in that. In my own riding, there is a cement plant. That cement plant is compared to other provinces as an application to burn tires. Apparently, there are more BTUs in a tire than there are in a barrel of oil or coal. Is there technology available to make sure the emissions and the residual ash that's left is safe when compared to the current options of burning coal or oil?

Mr Bricker: That's the importance of having an environmental assessment process in place that works, because those are the kinds of issues that you should have to put through the filter and ensure that the public understands what they're buying into in getting a facility like that and ensure that the person who operates that facility knows what they're doing.

The Chair: Thank you for your presentation this morning.

ELEMENTARY TEACHERS' FEDERATION OF ONTARIO

The Chair: I would call on the Elementary Teachers' Federation of Ontario to come forward. Good morning. You have 20 minutes for your presentation. You may leave time for questions if you so desire, and I ask you to give your names for the purposes of our recording Hansard. You may begin.

Ms Emily Noble: Thank you very much. My name is Emily Noble. I'm the president of the Elementary Teachers' Federation of Ontario. With me is Ruth Behnke, our first vice-president of the Elementary Teachers' Federation, and our general secretary, Gene Lewis. We also have our staff officer, Vivian McCaffrey, with us.

Thank you very much for the opportunity to present to you. I believe you have copies of our brief.

Who does the Elementary Teachers' Federation of Ontario represent? We represent in the province of Ontario one million students in 38,000 classrooms in the public elementary system across Ontario and 2,600 schools. Ruth and Gene and I represent 65,000 members, educators who work in the public elementary system.

One of our main messages that we want to give to you today is that public services need rebuilding. This is not about a financial deficit. This is about a public services deficit. We're pleased that the new government has in fact brought new hope. The Premier has been very adamant and very vocal, being the education Premier, and we're very pleased about that, that education is a focus. We know that will continue. Of course, our key interest is in terms of the elementary students whom we serve and the teachers and members whom I serve.

I would say that, from my perspective, for so long, elementary has been in fact overlooked. We talk about valuing early childhood education, but we don't necessarily see that translated in terms of money. But along with that, it's very important that this government does recognize that classrooms, particularly in the early years, need to be smaller. That's one of the things that certainly we're going to, in our discussions with Gerard Kennedy, keep the government accountable to. They do have four years in which to bring about that mandate. But it sends a strong message, and we've advocated all along, that an investment in the early years avoids problems and societal problems later. I think that's a fundamental principle, and we finally have a government that says we're going to act on it.

We're pleased that Rozanski indicated that the system needed help. The previous government did start to address that, and we're indicating to this current government that that needs to continue, implementing the Rozanski report. You'll notice in our brief that we quote OISE, Fullan, Leithwood and Watson talking about the opportunity for now in education. There is that opportunity.

People in Ontario voted for change; we have seen some, and we hope that that will continue. We applaud the government for their cancellation of the private school tax credit, the cancellation of the senior credit for education property tax and the cancellation of the corporate tax cuts. The other thing that was very important was the \$9.7 million to municipalities for capital improvements, particularly for non-profit child care. That really says we do value early childhood and care about our young people.

One of our recommendations—and you can see them in our brief—one of the key ones is preparation time. I get calls as president from new teachers, not only our more experienced teachers, but brand new teachers who say, "I want to do my job, and I need the time to do it. I want a quality of professional life so I can talk with parents, I can work with students." So one of our major issues, you'll see in our brief on page 3, is preparation time. Our members need the time and the resources to do an effective job in the classroom.

It's not like the classroom of people that we went to. Some of you are considerably younger than I am, but I've been in the system for 25 years. We didn't have the incredible changes that were brought about over the last couple of years, whether it's downloading of curriculum, report cards, the EQAO that you have to prepare your students for. We now have the three report cards that are very detailed, and they are significantly different from when I started teaching 25 years ago.

What I will tell you about preparation time is that in the legislation it says that we can have 200 minutes; however, only 137 are provided for in the funding formula. So that presents a problem in terms of the board. I think you can see the frustration in terms of members, which leads to trying to get it into collective agreements. That's why there have been some of the work-to-rules and the strikes that there have been in the elementary panel: because my members want a quality of professional life. So preparation time is very key to our working life. It's not always about salary and money. Anyway, the boiling point has been reached, and we are going to be aggressively going after preparation time, because that's what it's all about: It's about time.

As I said with class size, one of the other recommendations, we applaud the current government for a focus on reducing class size. I know that many of you are parents. Anyone who has hosted a birthday party knows that if you're hosting 30 kids at a birthday party, you've got bedlam; if you're hosting seven kids, it's actually, hopefully, quite manageable. I relate that to being able to provide children with the attention they need. So that supports the class size.

On the budget issues, we don't expect everything will happen immediately. The government has a four-year mandate. Certainly, we're willing to sit down with the government to assist them and have some ideas in terms of how that can be implemented over the four years so that children are not put in jeopardy.

One of our other recommendations in terms of budget is the professional development days. Our members certainly believe in accountability, are very professional, want to take courses, and so one of the things we're recommending is that to enhance the new curriculum, enhance the work they do, whether it's with special-needs students, and to get the best assessment strategies—those kinds of things—this government look at implementing and reintroducing back to the boards the opportunity for increased professional development days. I think some of you are aware that we did originally have nine and those were reduced. What I'm recommending, so that my members can do their job, is to give the boards flexibility and increase the number of professional development days. The other thing with the professional development days—I'm from Sault Ste Marie, the Algoma District School Board—is that it does on some PD days help reduce the transportation costs, because you are not busing those days.

Some of you, I know, have families and children who are teachers. One of the other issues that we would like to address and ask you to put your mind around is that we are finding that new teachers—as I said, when I started 25 years ago, I stayed in, but with all the challenges now and the stresses, what we're finding is that there is an incredible turnover in some of the newer teachers.

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Their salaries are—well, the son of one colleague in the Soo has a three-year computer degree. He graduated from Waterloo and started at a salary of \$65,000. A starting teacher, depending on qualifications, usually starts at anywhere from \$30,000 to \$35,000 or \$40,000. That needs to be addressed. We need to keep these people in the system. We can't have new teachers turning over on a five-year basis. Some teachers are disenchanting; they're overwhelmed and incredibly overworked with all of these things.

So what I'm asking is that the first three steps on the grid—take a look at those—be eliminated to make teaching a more affordable option for young people, because otherwise they're not going to stay. We have a qualifications grant at the end, there's money for the senior teacher in terms of the funding formula, but we need to put some money in at the beginning, entry level.

Those are basically the four recommendations that we have.

In conclusion, if there is one message, it is that the early years have been overlooked in terms of the practice. We use the verbiage to say that we do value elementary kids, we want all these things, but we haven't, as elementary people, seen the action. One of the things I would say in terms of that is, take a look at the investment. Close the gap in funding between elementary and

secondary. That's not to suggest—secondary needs every cent they can get and more, but the gap between what's funded for an elementary student and a secondary student has widened. It is now up to \$796, as opposed to the 2002-03 year, when it was \$751. So it's those kinds of things that I think this committee has an opportunity to put in place or to recommend.

Those are our closing statements. With that, Ruth, Gene and I are available for questions.

The Chair: Thank you. We have about three minutes per party, and we'll begin with the government side.

Mr Colle: Thank you for your very comprehensive summation of the impact of some of the changes our government has already undertaken on elementary education and some of the expectations you have.

One of the items that is not mentioned here is the allocation of funds for children at risk, the ESL program that was announced by Minister Kennedy, the \$112 million. Has that had an effect already, or what do you anticipate that doing?

Ms Noble: Actually, it has had some effect. On page 2 we refer to it and applaud the government. The government has continued in this direction and added the \$112 million. We applaud the government for doing that. That has started. I think with the whole special-ed/at-risk students, that needs to continue and to build on that. As I said, when I started 25 years ago, the kids were all in together. One of the things that we try to do with education in school is to work toward helping the whole child. It's important that some of the resources that were taken out be put back to support those at-risk students.

There's a perfect example where with the investment in the early years I don't believe the kids would be dropping out in the later years. My nephew wouldn't be saying in grade 12 that he wants to go out and get a job as opposed to going on to college.

Mr Colle: The members of the previous government have criticized that \$112 million, saying that it's basically geared for Toronto only. Are there these pressures of at-risk children in elementary schools in other urban centres across Ontario or is it, as they've claimed, just a Toronto problem?

Ms Noble: No. I come from Algoma, and Ruth certainly can talk about Lambton-Kent, where she comes from. The at-risk kids are all over the place. There are different needs in different areas, but I believe that money is for everybody. I will also say, however, that a lot of families from where I come from, if they can't get jobs and Algoma Steel goes down, where do they go? They go to the large urban centres to find work, and that puts increased stress on the large area, on the GTA. Ruth?

Ms Ruth Behnke: Thanks, Emily. I'd just add that the pressure is all over the province, and I think if any of you were part and parcel of the Rozanski hearings when he was doing his listening before he produced his report, a lot of comments and a lot of concerns and a lot of personal stories were told with regard to the challenges for those at-risk students and children with needs,

particularly in the rural areas. It had to do with busing; it had to do with programs being provided for those students. So it's our hope that this money and more will go to assist those students so every child can have an opportunity for a high-quality education.

The Chair: We'll move to the official opposition. Mr O'Toole.

Mr O'Toole: Thank you for your presentation. I have a few comments and then a couple of broader questions. I have the greatest respect and appreciation for public education because my wife is an elementary school teacher and my daughter is a secondary school teacher. I have children and I know the value of education.

During the election, one issue was the hard cap on class size. I know my wife is part of a school that has to jockey class sizes because for the most part the area is a mix of urban and rural. There was some support for the class-size issue, but in reality the implications are somewhat staggering, having seen where we are in Ontario in terms of portables and class sizes and split grades and triple splits. I just wondered if you could assign some costs. You have some really solid recommendations. That's really my question.

In your brief you said that the real implication here is about \$3.75 billion. This committee is charged with listening to the Arthritis Society and all of the presenters and coming up with the sum total of what the requests really amount to in terms of dollars, and the choices are then, of course, up to the government. When you talk about salary, professional development and prep time, there are costs associated. You, as a professional organization, probably have the statistics there of the some 60,000 teachers you represent. What are the costs of those two things and what are the really profound implications for the class-size issue in small, remote rural schools? Are we going to have triple and quadruple grades? Maybe you could respond to some of those suggestions on the importance of public education.

Ms Noble: You're right on in the importance of public education. Yes, in terms of some of the costs, we see that this government has a four-year mandate and it can be staged in. I do believe with the class size, if you took a look at the statistics, junior kindergarten and senior kindergarten would probably be around that and most boards would be around that level anyway. But it's something that we're certainly willing to sit down and work with the government on, as to how it can be implemented.

We applaud the government because one of the things they're doing to achieve the money would be the tax credit rollbacks, and I think it's important to put money where it's really going to count instead of giving it to the wealthy.

I'll let our general secretary talk about some of the issues around the funding.

Mr Gene Lewis: Just to say that like almost anything in life, things that are worth doing cost money and the resources have to be found. I think we would suggest that one way to find some of those resources would be to roll

back to some degree some of the tax cuts of the previous government and to phase in over the term of this government some of the programs; the class size cap, for example, which I think is a laudable initiative on the part of the government.

Ms Churley: Thank you very much for your presentation. I'm going to cut to the chase here. I have been told by many school trustees, Cathy Dandy from the Toronto Parent Network and Annie Kidder from People for Education that in fact the \$112 million allocated did not go to kids with special needs and at high risk, that it went to pay the deficit. It was a hidden way for the government to say in Toronto, "Here, we'll help you pay your deficit." So none of that money, I've been told on good authority, went to these kids with special needs. I find it quite regrettable that that's still out there: These kids who desperately need help did not get it. That comes on good authority.

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The second thing—this is a specific question, and I know it's important to teachers and to kids and their parents in my riding. You say that you understand it's going to take four years for some of this money promised in the campaign to roll out. What I'd like to know specifically, then, is what amount of money you see is necessary to be invested this year. I don't know if you can do kindergarten to grade 12, because you're here representing elementary teachers, but what amount of money do you need to see invested this year as an instalment, and then the previous years?

Ms Noble: I just want to go back to the point—I guess it ties in with Mr O'Toole's point about paying the deficit. I think what it does point out is the incredible desperation that boards have that they have been underfunded. I would hope that boards would use it where it counts, in terms of students. But boards—whether it's my board or the Toronto District School Board—have been incredibly underfunded. I think the message is that they need to be funded properly in terms of students.

In terms of what amount we're looking at, I think that on page 8, we're in total agreement with the Ontario alternative budget that a reasoned and reasonable plan to raise an additional \$3.7 billion would assist in terms of education. You'll notice on page 8 that we're not here saying, "Give us, give us." We're willing to give too.

On behalf of my members, I'm willing to say that I believe a modest tax increase is appropriate. I know we can get into political arguments about who promised and who didn't promise what. The bottom line is, we have to look at what's needed in society.

Ms Churley: Which is what I'm talking about.

Ms Noble: Yes, and we need to put some money into it. On behalf of my members, we're willing to pay for it.

The Chair: Thank you for your presentation.

UNIVERSITY OF TORONTO

The Chair: I would call forward the University of Toronto. You have 20 minutes for your presentation. You

may leave time for questions, if you so desire. I would ask you to give your name for the purposes of Hansard.

Mr Robert Birgeneau: My name is Robert Birgeneau, president of the University of Toronto. I'm speaking mainly on behalf of the University of Toronto but also, I think, on behalf of the post-secondary sector as a whole.

First of all, I obviously want to thank the committee for the opportunity to come and talk to you and present to you some of the issues that the University of Toronto specifically is facing, but also Ontario universities as a whole.

In thinking about the University of Toronto, I think it's helpful to think of us as being in some ways two kinds of institution, or a two-part institution. You'll see this written out in the submission I've provided.

First of all, we're an undergraduate institution that teaches, I believe, 16% of the undergraduates in Ontario—a phenomenally large number of undergraduates on our three campuses now, well over 50,000 undergraduate students. These are largely drawn from the greater Toronto area. They're drawn from every facet of Ontario society, and we would like to think that especially for the immigrant population we represent the pathway of new Canadians into mainstream Canadian society. We're very proud of that role, and we think we do that very well in our multicultural environment and that we provide an outstanding education.

At the graduate, post-doctoral and research levels, we not only serve the greater Toronto area; we play a critical role for the province as a whole and indeed for the entire nation. For example, we educate 40% of the PhD students in Ontario. It's from us that a large part of the future faculty, not just for Ontario but, as I'll tell you later, for the country as a whole are drawn.

We have the broadest sweep of professional programs of any university in Canada, and one of the broadest of any university in the world. We educate students in all the major health science disciplines—medical doctors, nurses, physiotherapists etc—engineering, law, business, architecture, music and many other professions. We educate much of the professional class who provide essential support for our society in Ontario.

We are also the largest research university in Canada. We account for 15% of funding overall of research in Canada. An interesting statistic which demonstrates our national impact is that if you go across Canada, all the way from Dalhousie in Nova Scotia to the University of Victoria on Vancouver Island in British Columbia, you will find that one out of six professors in anglophone Canadian universities has at least one degree from the University of Toronto—one out of six across all of Canada. So we really play a national role in education.

If you look at our academic health science complex, with our nine affiliated teaching hospital systems, hospitals that have treated many of us and kept some of us alive, we are one of the five largest health science complexes in North America.

If you look at the total number of research publications, we rank second in North America behind Harvard,

a statistic that often surprises people. In terms of citations, we're sixth in North America, well ahead of institutions like the one I was at previously, MIT. So the University of Toronto has an incredible impact on knowledge, not just locally and not just in Ontario or in Canada, but in the world.

Finally, our library, which is a provincial and national resource, ranks fourth among major North American research libraries, behind those of Harvard, Yale and Berkeley. So our library system, and Robarts Library specifically, plays a fundamental role.

Clearly we are very proud to play such a role in both Ontario and Canada. We make, and we trust we will continue to make, major contributions to the priorities of Ontario, specifically those set out by Minister Sorbara in his remarks to this committee last week, in building a highly skilled workforce in education, in health care and in the environment.

First of all, Minister Sorbara spoke about the need for Ontario to build the most highly skilled workforce in North America. Clearly, with the size, scope and quality of both our undergraduate and graduate programs, the University of Toronto is essential in that.

He spoke specifically about our health care system. Again, because of our health science complex, which I have already talked about, and the large number of nurses, medical doctors, physiotherapists, speech therapists, occupational therapists etc that we educate and the discoveries that they make in health care, the health of the University of Toronto is essential to the health of the province.

We just heard from the public school teachers, and I endorse all that I heard them say. Obviously our educational system, starting from kindergarten all the way through to the PhD, is essential for the future of Ontario. We take great pride at the University of Toronto in the large number of K through 12 teachers that we educate, and also the research we do at the Ontario Institute for Studies in Education, established by Bill Davis's government, in trying to optimize what we do in the classroom.

Minister Sorbara also highlighted environmental threats. Of course, we are actively involved in that, and I invite all of you to come over sometime to our university and to see our Intelligent Transportation Systems Centre and Testbed. You can see displayed on multiple TV screens the Don Valley Parkway at one of its worst times, and attempts to solve the traffic flow problems.

In his presentation, Minister Sorbara also warned that we must live within our means as a province and, most importantly, that we must take the long-term view of our financial situation. We couldn't agree more with this, the importance of a long-term perspective.

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Let me just explain some of the challenges that the entire university system in Ontario is facing. As I think many of you are aware, we have not had an increase recognizing the increase in the cost of living since 1991. This means that in real dollars the funding of the university system has deteriorated by about 33%. So,

we've had a decrease in our real budget by a third, our operating budget, and this results in Ontario being in what I view as the embarrassing situation of having the smallest funding per student of any province. We're less than Prince Edward Island, we're less than Newfoundland, and in fact our shortfall from the median is exactly that one third we lost because of previous governments not recognizing the deleterious effects of inflation. We cannot maintain a health university system if we don't recognize the reality of inflation.

In this past year the previous government took the first step to correct that by the creation of the quality assurance fund, to be expended over the next four years. We obviously feel that's a down payment on what has to be a solution to the long-term problems of universities.

Secondly, as you know, part of the platform of the Liberal Party now in government was to freeze tuition fees for two years. I think it's important to explain to you the cost to us in income. In 2005-06, for the University of Toronto the effect of the freeze in tuition is a permanent \$30-million loss in our operating budget. Of that, \$20 million a year goes to operating and \$10 million a year goes to needs-based financial aid to guarantee accessibility. I think that may not have been well understood at the time this was implemented. This means that in order to guarantee accessibility we need, at the minimum, that \$10 million a year replaced permanently for financial aid for financially disadvantaged students and we need another \$20 million a year just to stay even; that doesn't recognize inflation. So a \$30-million cost two years from now is the real cost in perpetuity of the tuition freeze.

It's our view and the official University of Toronto policy that the best way to guarantee accessibility is a very healthy financial aid system. Perhaps you will have heard our announcement last Thursday that we reached \$1 billion in our fundraising campaign. Of our endowment, we currently have \$499 million that is exclusively dedicated to financial aid for financially disadvantaged people. We're very proud of that.

If you look at the actual data on accessibility, what you will find is that we've actually made remarkable progress for people whose income is under \$25,000 a year. It has been going up progressively every year in spite of tuition increases, and in fact participation rates by people whose family incomes are under \$25,000 a year are approaching those of the middle class. However, it's very disturbing to have discovered that participation rates by the middle class have actually declined over the last several years. So the financial burden of the costs of education has hit the middle class actually more than it has people of modest incomes. The reason for that is the OSAP system of the provincial government, which does not extend into the middle class. So middle-class people have to carry the entire financial burden themselves, without assistance from the government, and in our case, unless they qualify for scholarships, our needs-based aid builds on the OSAP system. I know the ministry is looking at this now—I talked to the minister two days ago—but it's critical that OSAP be modified to extend

into the middle class so the middle class are eligible for financial aid when they need it.

Another issue the province as a whole is facing—it's actually a positive issue for the province—is the second pulse of the double cohort. The entire Ontario university system is very proud of the way we accommodated the students this year. One of the interesting things from my point of view is that in all the publicity of great events in the four major newspapers in Toronto, at the end of the year none mentioned the double cohort. I see this as an incredible success, because all of you will have seen all of the advance publicity about what a disaster it was going to be. Frankly, our university system did so well that by the end of the year no one noticed that it had happened. We're very proud of that, and we're actually very proud of this new generation of students which has entered our universities, these 100,000 young people directly out of high school who are enthusiastic and who actually uplifted our campuses. So it's a very exciting time.

Three and a half years from now, these very same students are going to want to go to graduate school, to medical school, to law school, to dental school, and we must prepare in advance to make the places for these new students to enter the graduate and professional classes. You can't just do this at the last minute. You have to plan for this many years in advance. So, as part of our long-range planning, we view it as essential that the government begin planning now for expansion of our graduate and professional schools to accommodate the double cohort and the increased population which is coming from our increased participation rates.

In the short term, in order to manage this we must have more flexibility within our funding envelope. We of course would like additional funding—everyone who comes here is going to ask for more funding, and I'm not going to be an exception to that—but of first order what we need is increased flexibility now to be able to move our resources between undergraduate and graduate students so we can have the graduate students in place who will be the teaching assistants etc.

I might say also that for reforming OSAP we don't need new resources, since all the resources in the past couple of years have not been used. What we need to do is to change the eligibility so that the middle-class people can apply for OSAP funds. Neither of these are hits in the budget. It's within the existing budget framework. We need more flexibility: for OSAP, for the middle class; and for our students, flexibility between undergraduate and graduate schools.

You will have heard from many different sectors about infrastructure and deferred maintenance. I will give you an astounding fact—astounding even to me—that in order to accommodate the double cohort and the increased students in an era of restricted funding, to build residences, laboratories, classrooms and offices for the double cohort and all of the students, because of short-falls in provincial funding, the University of Toronto between 2001 and 2005 will have borrowed one half a billion dollars; I repeat that one half a billion dollars will

be our capital debt at the end of 2005. Frankly, we had to do this because of social responsibility. Our first responsibility is to the students, and I felt, and our leadership team felt, that we had to meet the needs of Ontario students, and the only way we could do that within the current fiscal climate was to borrow massively in order to provide classrooms, laboratories, offices. This is at the same time that our infrastructure is progressively deteriorating, like many other public facilities, and we estimate that we have a deferred maintenance bill, just to stay even, of somewhat in excess of \$300 million.

There have been a variety of programs like the Ontario Innovation Trust, ORDCF and the Premier's Research Excellence Awards which have been essential to our ability to maintain and build our pre-eminence in research and knowledge creation—knowledge creation that's critical to the economy. Here we simply ask that these programs continue. Again, we'd like to see them increased, but at the minimum we need them to continue in order that we can match federal dollars and continue to support research the way we need to.

Finally, let me make a comment on mandatory retirement, which just came up this week. Again, here the University of Toronto, possibly differently from many other Ontario universities, has not taken what I might call a religious stance against the end of mandatory retirement. We recognize the realities, and we also recognize that there are faculty aged 66 who can make really valuable contributions to our universities, so I'm not going to come here and tell you this is a bad thing. What I am going to tell you, however, is that in order to accommodate the double cohort we and many other universities hired young faculty to teach these people based on the assumption that they were going to take the place of senior faculty who were going to retire. These are called bridged appointments. We increased the size of our faculty to meet the challenge of the double cohort on the basis of mandatory retirement, on the guarantee that there were going to become positions open and that we could manage a bridge for a couple of years. If mandatory retirement ends, if the government decides to proceed that way, then there is a large bill in the university sector—not just us, but everyone else that goes along with that, and you need to understand that because, if professors don't retire, then we have two professors in the same slot and we have to pay their salaries one way or another. We cannot do that by not hiring new faculty. That would be unfair to our students. Our student-faculty ratio is already too high. The university sector is probably not the only sector in this position. As you go forward thinking about mandatory retirement, this committee especially, I urge you to think about the financial consequences of ending mandatory retirement and to plan appropriately.

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The Chair: You have about two minutes left in your presentation.

Mr Birgeneau: I think I've made all my points. I had a summary in the end of the points I've made but I think it would be better if I took questions.

The Chair: With approximately two minutes left, we only have time for one question. The turn will go to the NDP.

Ms Churley: Thank you very much for your presentation. I'm just looking at your summary. I understand that you are not necessarily asking—I just want to be clear on your recommendation—for more funding today, or are you? What are you asking for specifically from this committee today?

Mr Birgeneau: Specifically, flexibility with OSAP and how we assign students within our existing budget, and a commitment in the long run to—the most important thing—address the deleterious effects of not getting inflationary increases.

Ms Churley: So you're not specifically asking for extra funding today.

Mr Birgeneau: Of course we would like more funding, like everyone else, but from what we've heard from Mr Sorbara, what we realistically need is a commitment in the long run.

Ms Churley: Because I have so little time left, I'm just trying to figure this out. You did mention the \$30 million lost just due to the freeze on tuition, and I believe that you indicated that you are asking the government to deal with that.

Mr Birgeneau: Absolutely; I'm sorry. I thank you for that, Marilyn. Absolutely, we must have replacement money for the missing tuition, otherwise accessibility suffers and the quality of education suffers. That's a minimum. Sorry. Thank you very much.

The Chair: Thank you for your presentation.

Mr O'Toole: On a point of order, Mr Chair: I read an article and I was wondering if you would support that the University of Ontario Institute of Technology get \$140 million to provide—

The Chair: That is not a point of order.

CENTRE FOR ADDICTION AND MENTAL HEALTH

The Chair: I would call on the Centre for Addiction and Mental Health to please come forward. Good morning. You have 20 minutes for your presentation and you may leave time for questions, if you desire. I would ask you to state your name for the purposes of our recording Hansard.

Dr Paul Garfinkel: I'm Paul Garfinkel, president and CEO of the Centre for Addiction and Mental Health. Thank you very much for the opportunity to speak with you today. By way of introduction, the Centre for Addiction and Mental Health was created in 1998 through the merger of four Ontario institutions: the Clarke Institute of Psychiatry, the Queen Street Mental Health Centre, the Donwood Institute and the Addiction Research Foundation.

We are one of nine primary affiliated teaching hospitals of the University of Toronto. We do most of the mental health substance abuse teaching and we're a

collaborating centre of the World Health Organization and Pan American Health Organization.

When we formed, we assumed the various mandates of the four founding organizations; that is, we have a provincial responsibility for treatment and care, research and education, public policy, health promotion and prevention. We deliver these services through our main sites here in Toronto and through 26 satellite locations throughout Ontario. We have made it a priority to promote positive change in government policy for people who experience mental illness and substance abuse.

To begin with, let me say that our community needs are urgent. We understand as well as anyone the fiscal challenges facing government. However, we are in a unique situation, given that we work with the most seriously ill among the most disadvantaged and vulnerable in Ontario, including the homeless. We see the results of lack of consistent funding in mental health and addiction. This has a huge effect on our clients and on the communities we serve.

The people of Ontario pay their taxes with a fundamental expectation that the neediest will be appropriately cared for. Unfortunately, we are less and less able to claim that this is true.

CAMH is prepared to work with government, consumers, families and our partners in health care to ensure that this opportunity is not squandered. People with mental illness and substance abuse cannot afford it.

The impact of mental illness in Canada is staggering. Recent reports from Statistics Canada show that about 20% will experience a mental illness or substance abuse problem in their lifetime. About 1.5 million Canadians experience depression at any point in time. Three per cent of the population experiences severe and persistent mental illness with very significant personal, social and financial consequences. Despite these facts, mental illness and addictions are largely neglected, the orphan fields of medicine.

This situation must change. As we point out in our written document, left undiagnosed or untreated, mental health and addiction problems cause large human and productivity losses. We think it's tragic that this has to be reduced to economics, but the cost to productivity due to lost income, due to absence, due to early death is staggering. The total is about \$32 billion for the Canadian economy. The total due to premature death or disability in 1998 due to mental illness alone was \$8 billion. An estimate of the effect on the Canadian economy of substance abuse—social, legal, health costs—was \$18 billion for 1992, which at that time represented 2.7% of the GDP.

One of the staggering figures about treating people with mental illness and substance abuse is that despite very effective treatments today, two thirds of people receive no care at all. Another staggering statistic is that in the community side of our treatment envelope there have been no increases at all to funding. As a result, over the decade there has been a consistent cutback in services provided. We believe that the lack of attention and in-

vestment in mental illness and addictions is a reflection of stigma and shame. We all grew up with particular attitudes to what these types of illnesses were. Those attitudes were simply wrong. These are not moral problems; these are not problems with not trying hard enough; these are complex illnesses deserving health care, as any other form of human pain and human suffering.

We applauded the government's commitments to invest in mental health and addictions and we urge the government to stand by these commitments. Our mental health and addictions systems cannot wait regardless of the province's deficit situation.

In terms of our recommendations, we've appended them to the written submission that you have in front of you. We know that you are looking for short-term, affordable investments that build toward longer-term goals. We want to remind the government about several areas in which there is broad consensus in our community. This is not just the institutional sector speaking.

The Canadian Mental Health Association presented a brief to you last week. They said that there is urgent need to build capacity in our system by investing in services and supports, including housing for our clients, employment opportunities for our clients and early intervention, because we know we can prevent so many of the consequences with early intervention. We are also talking about investing in supports such as a mental health service registry and a 1-800 number for the system.

We also want to identify and reward mental health programs that emphasize efficiency, partnership and quality.

1030

This is a multi-year program and a multi-year commitment that will be required. Nevertheless, we do feel that the CMHA figure that they provided you of \$150 million to provide better access and quality of care to the most disadvantaged citizens of our province is a very, very good beginning.

I also have to emphasize that there is more than the community side to this puzzle. The community side can't function without the institutional side, and we on the institutional side can't function without the community. We need an entire continuum of services for people who have a mental illness or substance abuse problem. You cannot neglect the institutional side either.

We are recommending that you support our efforts to transform specialty care so that people receive the same standard of care, whether they're treated for a physical or mental health problem.

Currently, CAMH facilities fall far short of the Ministry of Health and Long-Term Care's regulated standards. Just to give you an example, if you toured our Queen Street site, you would see the room sizes for patients are 50% of the regulated standard. Our corridors are too narrow for modern stretchers. We're a disaster waiting to happen. The buildings are poured in concrete. It costs more to renovate than it would to rebuild.

To address this issue of standards, we're proposing a consolidation of our facilities on our Queen Street site

that will prove more effective and less expensive. The proposed redevelopment will allow us to address unmet need through a more effective model of care that will ensure our clients are more able to integrate readily into the community. This has been a huge problem in our system: the silos of care.

I want you to know that our model was developed through extensive consultation with our local community. We've had several thousand people review this. We've had written submissions from about 400. The government has taken this up for about seven consultations as well. We've gotten universal excitement, not just locally but in Europe and Australia as well.

This new development, because of the nature of the phasing of the project over 10 years and because we own the land, the 27 acres on Queen Street, and could eventually sell the Donwood site, our capital outlay is very modest. In the first two or three years, it's about \$25 million, so that it would take us into 2007 with constructing four or five new buildings and the opportunity to receive revenue from selling the Donwood site. This plan will transform how medically necessary care is provided in Ontario. It provides a significant step forward for the clients we serve.

My final comments relate to preserving publicly funded medicare. We agree with the principles and values set out in the government's Commitment to the Future of Medicare Act. We have some concerns about the accountability mechanisms that have been prescribed in this, and we hope to present our views on this shortly. But this government has quite rightly recognized the need to invest in mental health and addictions and to talk about the importance of health promotion, hugely neglected in our health world that emphasizes sickness.

The health promotion work needs to be enhanced, and there are no better examples than those of our substance abuse programs, which have a huge impact on people day to day.

We are concerned, based on media reports and nothing more than that, that the addiction side of our health environment may suffer, treatment may be jeopardized, access to programs may be harmed, and stigma perpetuate. We urge the government not to follow this course. It would be very unfair to discriminate against people based on moralistic views of illness that no longer apply.

It is also short-sighted. Some 40% of the people who have a substance abuse have a serious mental illness. These are the people who have the most long-term difficulties: high suicide rates, disability rates, going on to chronic physical illness and re-hospitalization. These are the people who require our attention in a medical health sense.

To conclude, the Canada Health Act expressly provides that medically necessary care should be accessible and universally available. This is simply not the case for the vital mental health and addiction services required by the neediest in our society. As you consider the recommendations that you, as members of this standing com-

mittee, will make to the government, please do not disregard the need to support Ontario's mental health and addictions community.

The Chair: Thank you for your presentation. We have about two minutes per party, and we'll begin with the government.

Mr John Wilkinson (Perth-Middlesex): Thank you, Dr Garfinkel, for coming this morning. I just want to pursue two issues. We are always struggling with what we call the negative cost spiral, in the sense that the government doesn't spend \$20 in prevention on something, which results in a \$100 cost, which then multiplies to a \$1,000 cost, which multiplies to a \$10,000 cost. You gave us some data about the economic impact of mental health problems and addiction. Is there more recent information you have statistically that shows the cost-benefit analysis why our government needs to put the money into prevention?

Specifically, the question in your proposal about improved accountability is something we're quite interested in, and about putting consumers and families at the centre of reform. As you were saying, there have been all these studies, but could you tell us specifically what you're trying to get there, or the model you'd like to present to us on that?

Dr Garfinkel: First of all, I have a great deal of data on the value of health promotion and prevention. We'd be happy to send that to you.

Mr Wilkinson: That would be wonderful.

Dr Garfinkel: As one example, for every dollar we spend on preventing and treating addictions, including smoking, drugs and alcohol, we save \$7. That's not a bad investment.

In terms of accountability, we're completely in agreement that our system has not had the accountability that is required in terms of the public view of all health care. We have a model that involves governance by a broad constituency, much as Wellesley Hospital did in the early 1990s. We have about 100 constituents who are members of the corporation, and they elect our board, 30% of whom have to be consumers or family members. So that begins the process. All our program committees have to be fully integrated with staff, consumers and family members.

We're also very concerned about information technology to provide the kind of information that is necessary for balanced scorecards. We have done this, and we're trying to help the community sector, which is often far behind in information technology availability. I think this is a critical shortfall in our health system.

The Chair: If you would provide the information requested to the clerk, he will ensure that every member of the committee gets a copy of it.

Dr Garfinkel: I would be pleased to.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much for your presentation. I apologize for not being here for part of it, but I have taken the time to look through it.

I'm caught with the regular comment in the media on the relationship between mental illness and homeless-

ness. It's certainly not acceptable in society to find people in that kind of risk situation. I guess my question is very plain: What percentage of the homelessness issue do you believe is actually attributable to mental illness?

Dr Garfinkel: The long-term homeless, not people who are transient homeless: about 40%. I think the latest figure I saw was about 45%. It's complicated, because there is a cycle of poverty exacerbating mental illness, so you might even see it higher than that. But you'd be very safe to say 40% to 45%, substance abuse and mental illness.

1040

Mr O'Toole: The part that's the transient portion, the shorter-term, the intervening—because of the associated depression and other things that go along with being unemployed and being disconnected for a lot of different reasons—would probably be higher. They may be recovered or treated or find some opportunity.

Dr Garfinkel: I don't have data on the short-term, and I understand your reasoning. It may be the opposite, though. They have the social supports that the longer-term don't have. You could have severe depression and be incapacitated, but if you have a community around you or family around you, you could be buffered for six months, and our treatments for depression are very effective.

The Chair: We'll move to the NDP.

Ms Churley: There's far too much subject matter to cover in a comprehensive way, but I do want to thank you for your presentation, because you're here today representing some of the most vulnerable in our society, usually voiceless. We need your voice and your colleagues' voices on a consistent and persistent basis, because in the whole scheme of things, when governments are making decisions and there are a lot of priorities, your sector gets left out, as you know.

I'm glad that you brought up the problems around substance abuse programs. Again, there's no time to get into it, but it's my understanding from talking to people who work in that sector that, for instance, they haven't received salary increases for many years. They're taking people in and training them, and almost as soon as they're trained they leave for better-paying jobs or whatever; the retention is terrible. That's just another example of how bad things are in that sector that is so vital.

Most people in the media, with the exception of Ian Urquhart from the Star, who was here today, and hopefully others paying attention, are not writing much about this, and there's not a lot of attention being paid to the problems in your sector. Thank you for highlighting these issues.

Dr Garfinkel: Thank you for those comments. On one hand, you're completely right: The community side of our field has not had an increase in pay in over 10 years. It had a one-time-only increase of 2%; otherwise, there's been constant erosion. On the other hand—I agree with you; I've been a physician in Toronto for over 30 years—it's only been in the last seven or eight years that

I feel excited about the opportunity to do something in a public, concerted way. I think we have the support of a very committed community. I think Michael Wilson and a number of people who have been helping us really have caught a wave of public concern, and we can do this in a concerted way.

The Chair: Thank you for your presentation.

ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION

The Chair: I would call the Ontario School Teachers' Federation, provincial office, to come forward. Good morning. You have 20 minutes for your presentation. You may leave time for questions, if you desire. I would ask you to state your name for the purposes of Hansard.

Ms Rhonda Kimberley-Young: My name is Rhonda Kimberley-Young, and I'm president of the Ontario Secondary School Teachers' Federation. With me is Dale Leckie, a staff member with us, as well as other staff members who are here today.

First, I'd like to thank you for the opportunity to be here today to speak to the pre-budget committee. The Ontario Secondary School Teachers' Federation was pleased to see the new Liberal government elected in October 2003. We're not interested, however, in the mere optics of consultation to assist the government in formulating ways not to implement its election pledges. Let us be clear: Nothing this government said before or since the October 2 election will speak with as much eloquence about its priorities as this, its first budget.

The Liberal plan for public education, Excellence for All, set ambitious goals and promised to make the necessary investments to achieve those goals to fund our schools for success. OSSTF pledges to work with the government and our partners in education to restore our public school system.

Ontario elected 72 Liberals to Queen's Park—a massive victory. Voters clearly responded to the Liberals' activist agenda: Choose Change. As first minister, Dalton McGuinty has consistently told the people of Ontario he hopes to be known as the education Premier. OSSTF applauds the Premier's goal. The Liberals' first throne speech reiterated this commitment. The new government's "first and most important priority will always be excellence in public education." You must not blame the inherited deficit for failing to implement your political vision for change. If you do, you will have turned your backs on the overwhelming political mandate to improve Ontario's public services and extended the Tory vision for Ontario even though that vision was repudiated on October 2. More than two million voters supported the Liberal vision of a more just and inclusive society.

In the throne speech itself it says, "Your new government was elected to improve our health care and our schools, to build stronger communities and an even stronger economy." The people of Ontario expect the Liberal government to govern based on what was

pledged during the election campaign. You must not allow the inherited deficit to push you off course.

How to begin in terms of choosing change: The voters in Ontario gave the government the democratic authority to implement change. The first act of the newly elected government should be the removal of the fiscal handcuffs put on this government by the previous neo-Conservative regime. Legislation like the Balanced Budget Act and the Taxpayer Protection Act should be repealed. Obviously, the Liberal government has to exercise financial prudence. But what is inherently wrong with raising taxes or running small deficits? Why should any government be held hostage to old arrangements from one particular point of view?

Ultimately, your choices and actions will be reviewed by the people of Ontario in another election. They will want to know, "Did you do what you said you would do? Did you implement as promised, and did you do it in a fair and reasonable way?"

The previous government did little to build up assets; in fact, there was a lack of investment in infrastructure. Liberal leader Dalton McGuinty said in 2001 that the Minister of Education at the time, Janet Ecker, "is admitting what parents have known all along: There's a shortage of textbooks, schools are falling apart and people are fed up."

Sometimes there's a justification for running a small deficit to stimulate growth—when times are bad, for instance. Sometimes governments have to raise taxes to restore services or to protect the public good. The Liberals took a principled stand against further tax cuts which benefited the few at the expense of the many. Ontarians understand that you get what you pay for. They repeatedly support higher taxes if it means improved health care and better public education.

The Harris-Eves Tories were bent on shackling future governments to their vision of a society. They pledged to drive down the debt in the name of restoring a healthy economy, yet neither the Taxpayer Protection Act nor the Balanced Budget Act will ensure future prosperity for Ontario. Over the Mike Harris term in office, the provincial debt was raised by \$21 billion and Bay Street did not utter a murmur of protest. Once again, those changes benefited few at the expense of many.

Today in our presentation you will see a number of priorities that we have. I won't walk you through each and every one, but I would like to point out some key areas in which we believe investment is needed in public education.

First and foremost, the Rozanski report needs to be implemented. After eight years of underfunding of public education, the structural changes to the funding formula recommended by Dr Rozanski must be made. When the previous government implemented the funding formula they based the level of funding, or benchmarks, on a study of 1997-level costs of goods and services. Those benchmarks were inadequate from the outset but they've become increasingly restrictive year after year. The benchmarks should be adjusted to implement year two of

the three-year catch-up identified by Dr Rozanski, and the government should build in an inflationary measure to cover the cost-of-living increases to school boards. Without the benchmark changes to catch up and keep up, there will be insufficient funding in all areas affected by the benchmarks, including staff, learning resources and supplies, computer costs, school operation and maintenance.

School boards and employees continue to negotiate pay equity plans with varying degrees of retroactive costs associated for school boards. The funding formula should allow school boards to meet the obligations they have under the Pay Equity Act. The uncertainty of the process and the lack of funds to meet those obligations extend an already lengthy task, can interfere with the other financial decisions school boards need to make and can slow the negotiating process itself.

1050

Without a legislated requirement for staffing levels in some support staff areas, school boards over time have decreased office, clerical and technical staff as well as plant support personnel. The boards face the constant pressure of balancing the books. There's no dedicated funding for these employees, and both groups are funded by vulnerable areas of the grant structure. Not unlike this structural problem with the funding formula, there is also the artificial distinction between classroom and non-classroom built into the funding formula. It's the view of OSSTF that the whole school is a classroom.

The Ontario Secondary School Teachers' Federation recognizes other areas of the funding formula that are inadequate or which lead to problems. Our brief highlights areas which we see as priorities for the government to address, but our submission also points to areas where we believe savings could be made.

We applaud the government for following through on its commitment to eliminate the private school tax credit and the education tax credit for seniors. The reinvestment of those savings in the public education system, which is universal and accessible to all, speaks to Ontarians of this government's priorities.

The elimination of the arbitrary, expensive and provider-driven professional learning program speaks to Ontario's teachers and demonstrates respect for the profession.

Your government should not be hampered by the previous government's education policies any more than you should by its fiscal policy. There are several areas where the initiatives of the previous government added significantly to the cost of education in Ontario without demonstrating their value.

The expensive testing regime under the Education Quality and Accountability Office is but one example.

Under the previous government, funds for adult and continuing education programs were decimated. Enrolment of approximately 80,000 adults when they took office has dropped today to about 8,000.

Long-term savings are realized and the economy is stronger when more Ontarians have the skills and confidence to be part of the active workforce.

Premier McGuinty and Liberal candidates received significant support in the election from teachers and educational workers because they offered a renewed respect for educators and a renewed vision for public education. The key to addressing the educational deficit is dependent on the ability of the government to reinvest real dollars in public education.

I do want to thank you for the opportunity to make this submission. If you look through the submission in more detail, you will see some of the areas of the funding mechanisms that we feel could be improved and other areas where we would intend to work closely with the ministry to try and find ways to save money.

Another example I haven't highlighted is the bureaucracy involved in ISA funding, the funding that's available for our most vulnerable students who depend on that funding either for support through an educational assistant, or other technology or supports that they may need because of difficulties that they experience. The process for getting that takes staff away from students for days on end to fill out paperwork.

There are other things in our proposal that I'd be happy to speak to you about, but I won't go through reading it to you. I do want to thank you for this opportunity. I'd be happy to take questions.

The Chair: We have three minutes per party, and we'll begin with the official opposition.

Mr O'Toole: I take a little bit of exception with the quite political tone of your presentation. I would hope that you, as a professional educator, don't bring that into the classroom. It's painfully obvious, the disdain that you hold us in and clearly a great percentage of the people of Ontario. I think it's shameful behaviour for a leader in public education to be so obviously political.

Mr Colle: And rightfully so. Stop lecturing people and ask a question.

Mr O'Toole: Mr Colle, you will have your opportunity. I'm sure it will be more failed promises.

If you look at Ontario's most recent economic outlook by the current government, they've really asked for restraint. It's really quite obvious to me that the restraint is based on public spending. They're going to claim for the next three or four years that there's a deficit, and these excuses have been argued both ways in the paper. I guess as a leader in public service, as an educator, of which my daughter is a secondary school teacher—she hasn't come with quite the venom that you come with. But I would ask, in your profession—you know, you really receive what you give—what would you and your professional colleagues be willing to contribute to the health of Ontario? When I look at your list of requests, all of them are basically for additional funding for teaching. There may or may not be a case for some of that. But what could you—he's asking very straight—see your organization doing to provide leadership when it comes to restraint and making alternative suggestions outside of just political statements?

Ms Kimberley-Young: I think as you look through the submission you will see areas where we have iden-

tified either perhaps a waste of time and effort in terms of how some programs are implemented when we feel they could be implemented much more effectively, in other ways, or other places where we have identified spending by the Conservative government which we believe is not producing value.

The Chair: We'll move to the NDP.

Ms Churley: I thank you for your presentation today and for continuing to stand up to the bullies. I'm sorry that you got bullied a little bit more today by the member of the previous government.

Listen, I understand that what you are doing here today is sending a clear message to the new government that your sector, particularly in representing the kids, is not going to take that any more. I hear you loud and clear, as I'm sure does the government.

I want to ask something specifically in my limited time. I see that in recommendations 2 to 5 you are addressing the funding issue. Could you supply a figure as to what that translates into for the 2004-05 year? In supplementary to that, are you accepting the government's—their promise is going to come over four years. I think that's what you are saying, and that you are willing to accept a certain amount. But I need to know what specifically, at least a ballpark, you think you need for this year, 2004-05.

Ms Kimberley-Young: I may turn to my colleague to speak to the number, but what we are saying here is that in Dr Rozanski's report he made recommendations for change in each of sequential years to address the funding shortfalls in the benchmarks. That's the catch-up component that I spoke of. Unless some sort of mechanism for inflationary growth is built in, there will always be a keep-up problem as well. I will turn to my colleague to speak a little bit more specifically about those numbers, but those are truly the two key components, because the benchmarks affect so much of the funding that goes into education in a very broad way, and unless the catch-up and keep-up are there, all the areas will be falling backwards. You can look at just the change in hydro costs to schools, and there's a whole list of operational costs that schools face that have fallen, as well as the fact that the benchmarks were not set realistically to reflect salary and benefit costs of employees.

I will turn to my colleague to provide something more specific.

Mr Dale Leckie: The second year of the catch-up, as Rozanski stated, is just a third of the approximately \$1.1 billion that he measured was behind, so in the mid-\$300-million range. The keep-up is dependent on inflationary costs. It's probably around a similar number, depending, ultimately, on what the inflationary pressures are on the goods and services that are provided to the students.

The recommendation on pay equity is a tough one because of having to make direct comparisons with male comparators in boards and how far back it goes. We're estimating it at around the \$40-million range, but that's using whatever calculations we have.

As far as the staffing goes for security in schools and having more adults there in secretarial support and plant

support, we're estimating it at somewhere between \$50 million and \$60 million.

The Chair: We'll move to the government side.

Mr Bruce Crozier (Essex): Thank you for coming. The responsibility of this committee is to listen to you. You've made eight recommendations. I think they are good recommendations. I don't blame you for making them, and we'll make a report to the Minister of Finance, and those spending priorities will be set. So thanks for coming.

1100

Mr Colle: I'd appreciate it if we could get some more detail, through you to the committee, on the comments you made about the EQAO testing and the fact that it's now a \$100-million bureaucracy. That's a potential cost-saving for the government that perhaps could be put back into the classroom, as you said, rather than into this bureaucracy created by the previous government. If you could pass a bit more information on to the committee so it would help us in making our deliberations, I'd appreciate that.

Ms Kimberley-Young: We would be very happy to do so. I think what we're trying to introduce here is that obviously we want to know how well students are doing. The EQAO tests have not proven to be as effective in determining that. In terms of how to do some sort of standardized approach of testing with students, a random sampling and other mechanisms have proven very effective.

A primary concern that we have with this sort of testing, aside from the cost, is that it doesn't necessarily allow for remediation. Diagnostic tests with appropriate remedial programs in place afterwards are far more effective at actually improving students' success. We would have lots of suggestions in terms of mechanisms that could be used that really do ensure students are succeeding, and in a much less expensive way.

Mr Colle: If you could just pass those on to us—

Ms Kimberley-Young: We'd be happy to.

Mr Colle: On a point of order, Mr Chair: There is a reference on page 3 of the presentation about the amount of the provincial debt increased by the previous government. I would just like to get a clarification from the Ministry of Finance. In the deputation, the ministry officials said the previous government increased the provincial debt by \$30 billion; here the figure is \$21 billion. I just want to make sure that we get the right figure of how much the previous government increased the provincial debt.

The Chair: You're asking research for that?

Mr Colle: Yes.

The Chair: That can be provided. It's not necessarily a point of order, though.

Mr O'Toole: On a point of order, Mr Chair: On the same question, I want to know, in the researcher's input, where the debt was restructured from the Ontario electricity financing authority, which was always carried as a separate line. Mr Colle has repeatedly, and mistakenly, cited the information, and it should be corrected and you should read it.

The Chair: We can request the information, Mr O'Toole.

Mr O'Toole: He's still learning the job.

The Chair: We'll request that information.

To the presenters, there was a question from Mr Colle on some information and figures. If you would provide them to the clerk, then we can provide them to all of the committee members. Thank you for your presentation.

ASSOCIATION OF COLLEGES OF APPLIED ARTS AND TECHNOLOGY OF ONTARIO

The Chair: I call forward the Association of Colleges of Applied Arts and Technology of Ontario. Good morning. You have 20 minutes for your presentation. You may leave time for questions if you so desire.

Interjections.

The Chair: Could I have quiet in the room, please.

I would ask you to identify yourselves for our recording Hansard. You may begin.

Ms Beverley Townsend: Good morning. Thank you, Mr Chair and members of the committee, for allowing us the opportunity to present. My name is Beverley Townsend. I am the chair of the executive committee of the Association of Colleges of Applied Arts and Technology of Ontario. The acronym is ACAATO. With me today is the president of the committee of presidents of ACAATO, Dan Patterson, and the president of Seneca College, Rick Miner.

Also, you have just had circulated to you by the clerk a package of information that we are leaving behind for you for your awareness. It contains our slide presentation this morning. I would counsel you to look at the graphics. There are only two, but they probably have the most impact. The second piece is a report on Investing in Ontario's Workforce. It is the coil-bound one, but we did provide you with an executive summary. They will be documents to which we are referring in our comments this morning.

Today we want to tell you about the benefits of the college sector to the province of Ontario. We want to explain the cumulative effect of chronic underfunding and its impact on the quality of education delivered to students.

We will then discuss a four-year investment proposal designed to put students first and reinvest in quality education.

Let me tell you about our students. Colleges serve a remarkably diverse student body of more than 500,000 adults—150,000 full-time and 350,000 part-time. Colleges provide students with multiple points of entry and educational pathways to training and educational opportunities. Colleges are community-based institutions and provide accessible, quality applied education and training throughout the province. There is a college campus in every riding in Ontario. More than one million grads are now actively contributing to the Ontario economy.

We have the results of a very thorough economic analysis done by a firm with expertise in this field. Their study clearly shows the economic returns and benefits to the province from the 24 colleges and those who attend them and work at them. In short, the report says that investing in Ontario colleges drives economic growth in this province. In the words of the report prepared by CCbenefits Inc, Ontario's 24 colleges are economic engines that "are a uniquely attractive investment for government" as well as the students who attend them.

Let's be specific. The analysis says that Ontario's colleges provide an average annual return of approximately 12% on taxpayer investment measured in terms of increased revenues and cost savings. All government investment in colleges is recovered in 10.7 years. In our view, this research clearly demonstrated that Ontario's colleges provide an excellent return on taxpayer investment.

For such a proven economic winner, Ontario colleges have not been appropriately invested in over the past several years. College per-student revenue has dropped 30% since 1987-88. Compared to 15 years ago, colleges educate Ontario students for approximately 70 cents on the dollar.

Ontario colleges currently get the lowest per-student funding in Canada, about 70% of the national average. That national average is \$6,300. The average per-student funding in Ontario is \$4,700.

Other financial comparisons demonstrate the weakened resource base for colleges. Over the last 15 years, and based upon a review of expenditures per client, Ontario colleges experienced a greater funding base erosion than school boards, universities or hospitals. Ontario colleges trail American colleges in operating expenditures per student, with Ontario colleges spending approximately 74% of the level spent in the US.

I would now like to ask my colleague Rick Miner to continue.

Mr Rick Miner: I think one of the big issues is what the impact has been of the funding reduction over the past decade or so. A lot of that has really been detrimental to quality. What's occurred is that the average number of contact hours is significantly reduced, the number of full-time faculty have been reduced, the student-faculty ratio has increased, resulting in eliminating services for students that they really should have. We've delayed renewing our technology. Our libraries don't have the resources per capita that they would have had a decade ago. If you go to many of our colleges, you'll see a major deferred maintenance problem. What is really occurring is that we've tried to protect in-class as much as we can, but it's gotten to the point where it's very difficult to protect that any longer.

Our proposal, and there's a lot of documentation in your folder, is a very simple one: We would like to reach the national average in terms of funding. We'd like to achieve that over a four-year period. What that means is that there would be an investment in the college system of \$90 million per year on average, and after four years

we would have an average funding of about \$6,300, which actually still will be below the current national average.

1110

If you look at what we're facing in 2004-05, it's fairly daunting. We know as a result of our collective labour settlements, as a result of our pension investments, as a result of some inflationary cost in utilities, that the system will require \$70 million just to stay where it is right now.

In addition, if there is a decision to freeze tuition, that is going to cost about \$10 million to \$12 million unless it's compensated for in some way. Although we have a very major challenge in front of us for next year, we have a more daunting challenge in terms of renewing the quality we think we should be providing to the students and citizens of Ontario.

We are committed to three things. We are committed to access, and access is going to be an increasing issue as the skills gap widens. Many of you may well have seen Alan King's recent study that shows about half of the students don't go on to a college or university education. What you may not have seen is some economic and labour forecasts that say by 2010 only 10% of the new jobs can be had by somebody who only has a high school education. So we have quite the gap to bridge within that six-year period.

We also think education should be affordable, and we encourage any efforts to achieve that affordability, but not at the expense of quality. Giving access and affordability to a low-quality product is not something we could be proud of. We increasingly are worried about the quality dimension, and we think there needs to be an investment in the college system in order to renew that quality.

I'll turn it back over to Bev now.

Ms Townsend: In closing, let me say that investing in colleges benefits taxpayers by generating increased tax revenues from an enlarged economy and reducing social spending, and it increases the lifetime incomes of students and enriches their lives.

We are asking you to consider the needs of our students, the economic and social returns to the province from investments in colleges, and the urgency of the need for new investment in Ontario colleges.

Either one of us would be pleased to respond to any questions that you might have.

The Chair: Thank you very much for your presentation. We have about three minutes per party and we begin this round with the NDP.

Ms Churley: Thank you for your presentation. I recently read Richard Johnston's very good summary in a local newspaper as well.

I just wanted to clarify with you because I can't remember—compare your request today with what was actually promised, if indeed anything was promised, in the pre-election or election period. Are you asking for something you've already been told you could get, should the Liberals be elected?

Ms Townsend: I will take the first attempt at that one. What we were promised in the campaign was a commitment to education, and even more recently than the campaign, I think the commitment which was stated I believe in January by Premier McGuinty was that his government will strengthen the economy by building the most highly educated and skilled workforce in North America. We are depending on that.

We were successful last year, and we are including in our base figures a \$60-million approved quality grant that was extended by the previous government for which we are most appreciative. But that still falls very short of the \$362 million that we are asking for over the next four years. More specifically, for this budget year, 2004-05, we are asking for \$70 million.

Ms Churley: I take it you're saying that you support the freeze in tuition fees but that the government needs to compensate the colleges for that. Is that included within the figure you ask for in terms of annual funding?

Mr Miner: We're certainly supportive of any efforts made to increase affordability. The additional \$10 million to \$12 million isn't there. That would be supplementary.

Ms Churley: Thank you very much.

The Chair: We'll move to the government.

Mr Wilkinson: Thank you for coming today. If there were a group that has come here to say, "Given the amount of money you've given us, look at what we've been able to do," it would your group. That reminds me of when I was a boy, and my father was on the board of governors for Loyalist College, back in the 60s, going with him as they were building that college and as our province was investing in the future, back in those years, and what the college has been able to do.

Specifically, we've had some other people come to us, talking about the problem with a really large shortage of skilled trades that we have that's only going to get worse. I was wondering if you could comment on that, about the need for journeypersons. I know that you do a lot of that work. We've seen that there are some systemic barriers to try to have more and more of those people our economy is so dependent on. I was wondering if you could give us a comment, because it crosses a couple of ministries, just your perspective on how we can get out of this negative spiral we have where we're not going to have enough electricians, carpenters, all of those types of people we really need for our economy.

Ms Townsend: Let me respond first, and then I'm going to hand over to the chair of the committee of presidents, Dan Patterson. First of all, I am the past chair of that very same college which you made comment about, Loyalist College. I can certainly share with you, as a volunteer member of that board, that we have hit the wall. We are looking at significant impacts on our students, we are looking at significant impacts on our infrastructure and we are making some very difficult decisions because, as you know, we are not allowed to run deficits.

Related to the impact on the ability to continue to provide skilled trades in the province, I hand that over to Dan.

Mr Dan Patterson: Our multi-year investment proposal speaks very strongly about that. We are key players with the government in dealing with the skills shortages. We are the institutions that produce the tool and die maker, the medical technician, the dental hygienist, the paramedic, the auto mechanic, the heavy equipment operator, the construction millwright, the registered nurse, the management position and so many other people who keep our lives running smoothly and the economy ticking. This speaks to making sure that continues.

I guess our concern, and the one we've tried to articulate strongly in our document, is that Ontario cannot remain competitive when the colleges have the lowest support in the country and receive only 74% of the funding received by a college in the United States. We have virtually the lowest per-student funding in the country. This proposal is reasonable; it's tempered, given what the Minister of Finance has said. Investing \$90 million in this next fiscal year in a multi-year period over four years to give us \$362 million really should be seen as an investment, a part of the asset side of the government issue.

I know the standing committee is dealing with a lot of priorities, but I think the one you've hit is absolutely critical, and that is the skills shortages. We won't stay competitive if we don't invest. Here we have an incredible system that is all ready to gear up to meet the needs of the economy, but the quality erosion over the years of underfunding is sending a very strong alarm bell to this committee that's saying that we need to reinvest if we are going to sustain excellence and we are going to continue to grow.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you for your presentation this morning. I can assure you I'm a big supporter of the knowledge-based economy and the important role the community college plays in that, and more specifically the role of Durham College and the Skills Training Centre. It is an extremely proud example of the work that is going on, that is being done. You may be interested: Dr Birgeneau, the University of Toronto president, was here this morning. He said he wanted a couple of things. It wasn't really specifically new money. It was more flexibility in the current money, specifically OSAP being expanded to the middle class. Some of the rules of access there, that is perhaps something you'd comment on. I'm impressed and have heard the return on investment number. It's an interesting phenomenon that it does create wealth, it adds value to the community, and students spend all that money, and more, actually. I have five children; I can tell you.

I'm just wondering, on the \$90 million annually, did it include the other portions of the funding, which had to do with the cost of maintaining the fine benefit plan or the pension, as well as the other cost, which was the tuition freeze cost? Is that the same money or is it in addition to the \$90 million?

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Mr Miner: It would be in addition. Whatever is done with regard to tuition, if those revenues weren't available to the college system, then those would add—

Mr O'Toole: So you'd need \$90 million in operating money to bring the grant level up to the \$6,000, and you'd need an additional \$70 million plus \$10 million to address the ongoing problems with the collective agreement, pensions, utility costs—which they promised and then they broke their promise—and the other is with the tuition fees. So you'd need that as well?

Mr Miner: When you get a chance to look at the detailed report, it will show you some projections over the four years. The \$90-million figure is an average over the four years. In fact, we've reduced the first-year request; I think it's \$80 million—

Ms Townsend: It's \$70 million.

Mr Miner: And then if you would add on to that whatever is done on the tuition side.

Mr O'Toole: How about Tony Blair's proposal in Great Britain of shifting the cost of education basically from the parents to the students, where they wouldn't start to pay until some future date? Are you familiar with that? It's free tuition, basically.

Mr Miner: Yes. It's very interesting.

Mr O'Toole: It's a very innovative approach.

Mr Miner: It's a little beyond our submission, but basically it says you don't pay anything until you've earned this much money.

Mr O'Toole: I think it falls clearly into—I'm quite intrigued by it myself. My daughter is at the London School—

Ms Churley: As a parent of five children.

Interjection.

The Chair: Order, please.

Mr O'Toole: It's actually something I'd be looking at in the future. You should probably look outside the box and some of the traditional funding models, because it does add value as wealth generation, which is your argument here. I think tying it to an income-contingent loan repayment plan would be a good way because access becomes the issue if monetary issues are the barriers.

Mr Patterson: Regarding your first point around the University of Toronto, we have very good working relationships with our sister institutions, although I think it's important to point out, and it's spelled out in our submission, that universities get \$6,300 per student, together with a lot of federal government research grants that we don't get. Our bottom line is that we have \$4,300 per student. The school boards get \$7,300. So when the committee is deliberating, I think those are very important statistics to reflect on, versus the impact that the college system makes in the lives of Ontarians.

The Chair: Thank you for your presentation.

ENERGY PROBE RESEARCH FOUNDATION

The Chair: I call forward Energy Probe Research Foundation. You have 20 minutes for your presentation.

You may choose to leave time within that 20 minutes for questions if you so desire. Please state your names for the purposes of our recording Hansard.

Mr Thomas Adams: My name is Tom Adams. I'm representing the Energy Probe Research Foundation. With me today is Kal Vepuri, a research associate and visiting scholar.

We've prepared a brief presentation to guide our remarks, and our intention is to speak briefly to this presentation and to leave time for questions as much as possible.

Ontario faces a very substantial electricity crisis. This is something that our organization, Energy Probe, has been observing for many years. We are a small charitable organization located in Toronto. We depend on voluntary support from our supporters—we're a charity—and also on the work of volunteers, who do much of the work of our foundation.

The subject that I wish to address with you today is Ontario's electricity problems. At the outset, I observe that the committee has a very heavy day of hearings in front of it. We may be the only presenter appearing before you today not asking for money. In fact, our presentation is aimed at reducing government expenditure. We are alarmed by the current trend in expenditure in this area and believe that the current expenditure commitments are making Ontario's electricity supply problems worse.

We really have three messages we want to leave with you today. The first message is that Ontario's government-owned electric generating company is, in our view, not deserving of another penny of taxpayer dollars, either lent or given. The second point we want to leave with you is the urgency of moving Ontario electricity consumers to a regime where they pay the real cost of power. We can no longer continue to encourage consumption of electricity by subsidizing the price.

The third key message for today is to ask the committee to use its influence to ensure that we have higher standards of transparency around both the financial plans and financial reports of the crown corporation, Ontario Electricity Financial Corp. This crown corporation is one of the largest individual points of residency, you might say, of taxpayer liabilities in Ontario and yet maintains a very poor standard of transparency.

The crisis in our power system strikes us at many points in the power system, but Ontario Power Generation is at the centre of it. OPG is now running short of cash. In the middle of December, Minister Duncan identified a negative cash situation for OPG requiring an injection that may range between \$300 million and \$750 million this year simply to cover its costs. We believe that the taxpayers' equity position in OPG is probably negative.

OPG is driving Ontario's electricity crisis. It is the largest single cause, and the more tax dollars we allow to go into OPG, the worse the crisis has gotten and the worse it's likely to get. The Pickering A project, which is OPG's largest capital expansion program, is now a really

serious hole in our power system. But we need to appreciate that OPG was always understood by Ontario Power Generation to be part of its competitive strategy. We believe that its purpose was to scare away independent investment in generation, and in that it was very successful.

The Pickering A project has scared away probably three or more times its own capacity in new investment in new power generation in Ontario. Pickering A's indirect impact in terms of our power supply is much greater than Pickering A's direct impact of not being completed on schedule and on time. In fact, the shortage that we suffered in 2002 was not so much a crisis driven by hot weather but by the failure of the Pickering A project.

We believe that by not putting any more tax dollars into OPG, it will force OPG to change its operations and become more efficient. OPG can achieve efficiencies in many areas of its operation, and one area of efficiency that it needs to, I think, look to is to sell some of its underutilized assets. OPG has a large inventory of assets sitting around that aren't producing any value, like, for example, the Hearn generating station in Toronto.

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We believe that a signal from the government that taxpayers are no longer going to involuntarily be investors in the power system will signal new investment that Ontario badly needs.

Ontario Power Generation's problems are not problems of its institution alone. They are having a knock-on effect, driving up the debt of the taxpayer held at the Ontario Electricity Financial Corp. OEFC, as it's called, is allowing the stranded debt to grow substantially.

OPG's problems are a major driver of OEFC's rising stranded debt. It was originally promised that OEFC would be managing Ontario's electricity debt downward. That was the promise we received from the previous government back in 1998 when the new legislation for the electricity system was established, the Electricity Act, which provides OEFC's mandate. It turns out that promise was not realized.

OEFC has a serious transparency crisis. Every year since it was formed, OEFC has failed to comply with the statutory requirements on financial reporting. They report late every year. We believe it has not received adequate scrutiny from the audit process of the Ontario Legislature. We believe that improved transparency rules—sunshine rules—for OEFC are likely to yield substantial benefits in the longer term.

We note with appreciation that for fiscal 2002-03, the most recent government financial year to be reported, there has been a change in the reporting approach. The accounting rules have been adjusted so that OEFC's revenues and expenditures are reported directly on the provincial government books. This is an important improvement, but we believe that OEFC's debt management plan must be published annually so the public can see how our interests are being taken care of.

Another recommendation for the future of the Ontario Electricity Financial Corp is to treat it as if it's a regul-

ated utility. After all, it obtains all its revenues from electricity consumers and, in return, provides the service of debt management. That service is very much analogous to a regulated utility, but it's not subject to any of the transparency rules that apply through the Ontario Energy Board. We think the energy board is well suited to assist the public in gaining greater transparency around reporting.

I'll conclude with some final thoughts. Ontario Power Generation, and Ontario Hydro before it, failed not because they invested insufficiently but because they invested unwisely. The lesson of Ontario's electricity history, over the last generation, really, shows that the more public money—loan guarantees or direct cash—we throw at these problems, the worse the problems get. The solution to stabilize our electricity system, looking into the future, is one where customers pay the real price and the investors who make the investments in much-needed new generation are at risk. If those generation investments fail, the businesses fail. That will establish a level of accountability that we do not have today.

Finally, we need higher standards of transparency. The Ontario Electricity Financial Corp is an institution that will be around for many decades. Its electricity liabilities are something that Ontarians will have to manage beyond the lifetime of most of the people in this room. I think it's about time we started, for the benefit of future taxpayers who are going to be bearing these responsibilities, putting numbers on the table so we can see what the plans are and, in hindsight, how those plans stand up against what we learn as we grow into this.

Thank you very much, and I look forward to your questions.

The Chair: We'll begin the questioning with the government.

Mr Colle: Thank you very much, Tom, for your time.

The Chair: I failed to mention that you have about three minutes each.

Mr Colle: Mr Adams, thanks very much for all the work Energy Probe does. It not only helps this government but really helps Ontarians deal with this complex issue. Energy Probe really deserves credit. Sometimes we don't do that, but I want to thank all the volunteers and everyone who does that.

The critical question here is that we, as MPPs, are going to be faced with making a decision on what we do with Pickering A. We're going to be caught with the whole issue of what we replace it with, might it be safer just to perhaps pour more money into it, what are the alternatives?

At what point can we get a clear understanding of the options here? Most of us are lay people; we're not experts. What can we get to help us make this decision and perhaps advise the Minister of Finance on the best way of spending money that's in short supply here?

Mr Adams: This is an issue, really, that's right in front of us now. First of all, one observation that I think doesn't receive enough attention in terms of understanding the problem around Pickering A is to

appreciate that Pickering A is a four-unit station. Units 1, 2, 3 and 4 were all shut down in 1997. In 1998, OPG started the process of trying to bring these units back into service, for good reason—we'd all do the same in their shoes. If you were given the job of bringing back four units, you'd do the easiest job first. You'd want the power most quickly; you'd want the payback on the investment most quickly. So they went for unit 4, the unit that was by far in the best physical condition.

If we proceed with renovation of the remaining three units at Pickering A, the experience we've had with unit 4 is likely to look like the good old days. Just to recap, the experience with unit 4 was that the renovation was supposed to cost around \$200 million. So far, they've spent \$1.25 billion just on unit 4 alone, plus at least \$170 million on common services, bringing the total figure substantially above \$1.4 billion the last time they reported publicly.

The outlook going forward with the other three units—we can't occupy ourselves with the sum cost; we have to think about the incremental benefit of further effort there. The appreciation that the further units are likely to be more difficult than the one we've already done needs to be in our minds when we think about what the alternatives might be.

The Chair: We'll move to the official opposition.

Mr O'Toole: Very quickly, I also want to respond by respecting the work you do and the voice you bring to a complex issue. I've been on many committees where you have presented, and you always add something to the discussion.

Going back to Adam Beck's power at cost, that's never been the case right from day one. They were always over budget and over time right from the beginning. I think you wrote the article I'm referring to—it was in the Post or the Star or something.

In the election, energy of course was a huge issue, and the Liberal platform was to commit to the price freeze. I understand what your response would be, but there again, some of the people who did the work there clearly have a very low grasp of the issue, respectfully.

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I want to look clearly at the work done by the generation conservation committee. Their recent report indicated that the likelihood of achieving their commitment on coal, which is the second part, the price freeze being the first part, which they failed on—we can't use certain parliamentary terms. The second part was the promise to eliminate coal. That's five plants and about 6,000 megawatts to 7,000 megawatts of energy. It's clear now that they'll never reach that, and most of the experts say that. Not that I'm a big supporter of coal, but we have to have the lights and the heat on.

I would like a response from you. Do you think the current track is the right one? Ultimately, the real question I have is on power at cost: What is the real cost of power, going forward, with all the promises they've made: a clean, bright future and all that kind of stuff? That might give you a little bit of room, Tom, to respond in a broader way.

Mr Adams: The current track that we are on is not sustainable. We have an elevation of the frozen price level coming in April. The new frozen price is likely to be substantially below the actual cost of running the existing system and also substantially below the cost of adding new supply, irrespective of what the options are that are pursued. The most efficient options available to us are probably industrial cogeneration, simultaneous production of heat and power. Fuel costs are reasonably high. The efficiency gains help to offset some of that cost, but still, at the new frozen price after April, that's not going to be enough.

There is a whole wide range of options in terms of where we can go. Of all the sensible approaches, every one of them has a common element, and that is that customers have to pay the real cost.

Mr O'Toole: And that is what? What is it, Tom?

The Chair: We'll move to the NDP.

Ms Churley: There's no point in this limited time for us to get into the areas where we disagree, Mr Adams, so I want to clarify with you a couple of things in the areas where I think we agree. I'm not sure, but I believe that you said you support the phasing out of nuclear, like Germany, as you know, just did. That doesn't mean shutting down everything tomorrow, but phasing it out and stopping the crazy investment.

We both attended a conference on energy this weekend. The big issue was conservation and efficiency, which of course is tied into the whole issue around capping rates, and the fact that it's simplistic to say—and I agree with you that we should be paying cost for electricity, without taking into account that some people can't afford it, with all their other household bills. At the same time, we have to bring in a very concerted effort on efficiency conservation and incentives to help people keep their bills down.

Would you agree to that? How would you propose we deal with lower-income people—certain industries that may have to lay people off, all of the upset that happens that we saw when Harris put the caps on—because of the sudden impact?

Mr Adams: In terms of protecting consumers, our view is that the protection needs to be directed at individuals in need. The idea of subsidizing electricity prices for Rosedale and Parkdale at the same time just doesn't make sense.

The question of affordability of electricity is really, for low-income people, just one element of a wider problem. Attempting to solve the problem of penalty among disadvantaged individuals through the electricity system is, we think, the wrong approach.

Similarly, if there is going to be any effort directed at protecting consumers from electricity prices, which will necessarily have to go up—as Mr O'Toole and I will agree, the price will have to go up substantially, perhaps to eight cents. But in our view, the industry that's consuming electricity ought not to be protected to encourage their continued consumption. If it's not cost-effective for them to use it, then they should simply be left to their

own devices. It wouldn't be beneficial to the power system to be encouraging them to use electricity inefficiently.

The Chair: Thank you for your presentation.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair: I call forward the Ontario Coalition for Better Child Care. You have 20 minutes for your presentation. You may leave time for questions within the 20 minutes if you so desire. I would ask you to state your name for the purposes of our recording Hansard. You can begin.

Ms Kira Heineck: Thank you very much. My name is Kira Heineck. I'm the acting executive director at the Ontario Coalition for Better Child Care. I thank you very much for the opportunity to come and present to the committee this morning.

The Ontario Coalition for Better Child Care was founded in 1981. It includes over 500 groups and individuals from education, health care, labour, child welfare, injury prevention, rural communities, First Nations, francophone communities, social policy, anti-poverty, professional, student and women's organizations. We also serve community-based child care programs across Ontario and eight local child care action networks.

We are here today to participate in what we hope will be a truly open and full debate about the future of public services in Ontario. That debate cannot happen without looking at both revenue and expenditure. To date, the debate has been restricted by the government's insistence that it will not raise taxes. Public services in Ontario are in desperate need of rebuilding, and more cuts are simply not possible. The people of Ontario understand this and know they may have to pay higher taxes, taxes that will support better public services. In any pre-budget consultation, people must be able to consider all the options. One should be increasing revenue. Our presentation today presents fiscally responsible proposals that will improve public services, proposals that will require an increase in revenue.

The child care coalition believes in high-quality, regulated, licensed, not-for-profit child care that provides supportive early learning environments for children, that supports parents in working, studying and accessing training opportunities, fosters equity and inclusion for a diverse set of groups in Ontario and helps families balance life and work commitments.

Investments in early childhood learning and care are essential to evidence-based strategies for lifelong learning that will contribute to Ontario's social fabric and competitiveness and increase productive growth in the 21st century. A system of high-quality early learning and care is fundamental to healthy childhood development and lifelong learning. It's also a key to labour strategy, the urban agenda, equality for women, social integration of newcomers, strengthening social cohesion, and is a social determinant of health.

For three decades, parents have been advocating for governments to take action on child care in Ontario. There were improvements that took shape between 1982 and 1995, but the destruction to the services over the last eight and a half years has been staggering. Between 1995 and 2003, funding cuts and downloading to municipalities destroyed many of the advances made to child care made between 1985 and 1995 by successive Liberal and NDP governments.

Some examples include the fact that provincial spending on regulated child care has fallen by \$160 million, from a budget of \$611 million in 1995 to a budget of \$452 million in 2001. Downloading to the 47 local governments means that differences in services among municipalities have grown, and because funding has been reduced or frozen, municipalities have been making individual decisions on how to best manage their budgets, not allowing us to achieve provincial standards.

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Municipal waiting lists for subsidies mean that even eligible parents have no possibility of a subsidy, and a variety of provincial policy changes have made it much more difficult for low- and moderate-income parents to access child care.

Some of these are quite important. For example, student parents must declare their loans as income in a needs test, making them ineligible for child care subsidies.

RRSPs are now considered liquid assets, so families are expected to spend these assets before seeking subsidy assistance. Parents with more than \$5,000 of liquid assets are ineligible for subsidy.

Parents looking for work or between jobs are no longer eligible for child care subsidies either.

Municipalities are now sharing the cost of wage subsidies, family resource centres and special-needs funding. These were previously wholly funded by the provincial government.

Child care centres are threatened by cuts to the public school system. This resulted in increased financial stress and loss of spaces. After Bill 34, classroom space used by child care programs was considered surplus space and no longer counted in the square footage of legitimate space when school boards applied for their accommodation grants, forcing many to close.

A 2003 out-of-court settlement of a charter challenge to reinstate provincial funding for ongoing proxy pay equity adjustments did not adequately address financial requirements for local child care operators and employers.

The provincial government spent none of the federal ECDI money on child care.

Our final example of some of the devastating changes of the last eight years focuses on kindergarten, which currently is the only universal early learning and care program offered by Ontario to children under the age of six.

The 1989 Liberal government committed to fund full-day senior kindergarten—and this was adopted by the

NDP government—which provided 100% of funding for junior kindergarten students and established a \$35-million capital fund to assist boards to build or renovate classrooms. Then, in 1995, the Harris government announced cuts of \$100 million to junior kindergarten and cancelled all capital projects.

Almost all school boards provide junior kindergarten, but they have to find the funds in their already stretched discretionary budgets now to support them.

These are examples that show us that child care in Ontario today is in crisis as never before.

Child care programs report financial crises, difficulty recruiting and retaining staff, escalating fees and deteriorating physical environments. As a result, unfortunately, many child care programs struggle to deliver developmental environments, the ones that we know are so crucial for good child outcomes. However, even when quality services are available, most families cannot afford them.

So where do we go from here? All three levels of government have a role to play. Setting national goals and targets demands a strong federal leadership role and federal financial resources, as well as federal collaboration with provinces. Ontario must, from this day forward, play a key role with the federal government in urging such federal engagement.

At the same time, progress in quality access planning and human resources depends very much upon the provincial governments, which have the jurisdictional responsibility for designing and managing early learning and care programs. Here, Ontario can play a leadership role with other provinces that have shorter and less developed histories in early learning and care.

In 1999, the federal government and all provincial and territorial governments—except Quebec, of course—adopted the National Children's Agenda. This promised to produce "a comprehensive strategy to improve the well-being of Canada's children." This was then followed by the early childhood development agreement in 2000, which will bring \$500 million next year across Canada—\$192 million to Ontario—to be used to improve and expand early childhood development programs and services, including child care.

Finally, in 2003, last year, Ontario, with the other provinces and territories—except for Quebec—agreed to a multilateral framework on early learning and care. We saw, thankfully, the announcement three weeks ago by the Liberal government of the first instalment of that money to the non-profit child care sector for capital improvements. That's a great first step, and we're hoping to see similar commitments in the years to come.

I want to review just very briefly some of the promises made during the election in the Best Start plan, promises that we were very happy to see and that we think can guide this government as it goes forward.

First of all, on long-term vision: "Our Best Start plan is based on our vision of high-quality early years education and support as a seamless extension of our public education system...."

A second quote: "Our long-term goals are a universal, regulated child care system and public schools as our community hubs with full-day junior and senior kindergarten available to all four- and five-year-olds."

On immediate commitments, the Best Start plan commits: "The first step, to be taken during our first term in government, will be to improve the quality and affordability of child care available for our families."

A second quote: "First, we will become partners with the federal government and its national child care agenda. We will spend the money offered by the federal Liberals on regulated, centre-based child care.

"Second, we will re-prioritize spending of the early childhood development agenda. We will spend the majority of that money supporting and expanding Ontario's current system of regulated child care."

I highlight this because, as I said just a few minutes ago, the previous government refused to put any of that money into child care.

A third quote: "We are committing \$300 million in new provincial money for Best Start."

Finally: "Ontario Liberals will consult with all the stakeholders in implementing Best Start. We are looking forward to working with early childhood educators, child care providers, child care experts, municipalities and others."

I come now to our recommendations for the 2004 Ontario budget. Again, I will highlight only a few. You have a detailed list in the brief in front of you.

In order for the Ontario government to begin to meet the commitments outlined in the Best Start plan, it must reclaim a leadership role in early learning and care in Canada by beginning to move toward the kinds of programs that are now commonplace in most modern countries. We have four areas of action to get us to that end.

First of all, the Ontario government must keep its election promise to implement a universal, high-quality, regulated, seamless system of early learning and child care and develop a strategy for meeting this commitment.

Second, we call upon the Ontario government to develop the following policy framework and action plan for implementation to begin to put this system in place—we believe this plan can be in place and should be ready for implementation one year from now, April 1, 2005:

—The starting point for this process would be the long-term goal mentioned in number 1, but a specific action plan and an effective policy framework are critical for success. The policy framework must include principles, new legislation, timetables establishing service targets and plans for meeting them, improved quality standards, definitions of roles and responsibilities for management and funding, plans for accountability including tools for monitoring, and plans for adequate funding.

—Some of the components of the action plan are to address current service and resource fragmentation by working toward a seamless system; developing plans for making available services financially accessible to par-

ents; and setting targets for improving early learning and child care education wages.

Third, the Ontario government must play a leadership role with the federal government and the other provinces and territories in moving toward a national child care program.

Fourth, but certainly not least—in fact, these are recommendations for immediate action to contain the crisis that exists in the system right now.

Funding actions: Designate three quarters of the \$192 million coming from the federal government in the ECDI to regulated, not-for-profit child care. As I mentioned twice already, none of this money in the last three years has gone to child care. It's time for a serious investment in the regulated child care system. Secondly, replace the \$160-million cut from the annual provincial budget for regulated child care between 1995 and 2001.

Policy actions: Review the subsidy system and address the concerns I mentioned earlier around the tightened restrictions on accessing subsidy; amend the education funding formula to ensure that space for existing and new child care programs in schools is available at no charge to not-for-profit groups; direct school boards to incorporate space for child care centres in every new school in the province; and finally, fund wage enhancement grants so that every person working in a not-for-profit child care program has a full wage enhancement grant.

Acting on these recommendations will advance the goal of a system of universal high-quality early learning and care in Ontario.

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It was a Liberal government that first introduced many of these ideas in 1987, in what was called New Directions for Child Care. This was the beginning of a new, progressive experience for child care in Ontario. It continued through the NDP era and ended in 1995 with the election of the Harris government.

We urge your government to recommit to moving child care forward again. Doing so will mean making sure that the key elements—the goals, who the programs are for and how they are delivered—are right from the start. We are looking forward to working with the new government as we move toward being able to ensure that every child in Ontario whose parents wish, can find a space in a high-quality early learning and care program.

The Chair: Thank you. We have about two minutes per caucus, and we'll start with the official opposition.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Thank you for a very detailed presentation. Part of your focus is a call for capital funds to build child care centres and to offer child care space in the school system. You know that the present government is amending their education funding formula, in part to accommodate or in part in conjunction with their moratorium on school closings, and I think that wraps up as of September. You may want to move your schedule forward to call for this one year from now.

Failure of sound system.

Ms Heineck: Thank you very much.

Mr O'Toole: Just one comment, if I may. One of the recognized solutions going forward with working families is a daycare system that allows everyone to make decisions about working and having safe, regulated daycare. As a parent of five, I can support that.

I guess I'm looking at new things, like in the paper this morning—the *Globe and Mail* had an article about the government going forward and working with the child care and early learning programs. Is there something to be done? The Mustard-McCain report was extremely valuable in getting a head start on individuals' development. So is there anything that's completely new, as opposed to just the cost—you know, in the Day Nurseries Act there are some regulations that require numbers that are higher than in junior kindergarten, the PTR kind of number. Are there any new, inventive ideas? These learning centres are exactly the way to go. How to get there is the question.

Ms Heineck: I think the ideas outlined in the Mustard-McCain report are still considered quite new and exciting. We haven't yet had a chance to implement it across the province in any broad sense. We're still looking for a commitment, both in policy and in funding, to actually develop those early learning centres. So I'd have to say the ideas that are there are good and we'll continue to work on them.

We are looking more and more toward supporting the development of seamless day programs, but that's a step in the right direction. Putting child care programs in schools is a step in that direction as well.

The Toronto First Duty model is something happening here in Toronto that is showing us how these things can actually work, but the ideas they're based on are also found in the Mustard-McCain report. What we need now is action to actually implement those.

The Chair: We'll move to the NDP.

Ms Churley: Thanks for your excellent presentation. I think I'm clear on your recommendations on funding, but I want to make sure the committee understands, so maybe I can outline a couple of questions first.

How many children are on waiting lists in Ontario now? I don't know if you have that information with you. In terms of your recommendations on funding right now, I'm just wondering how much of the \$160 million taken out of the system by the previous government should be put back right away in this first budget. Are you looking for the full \$160 million to be put back? Third, are you recommending that the \$100 million or so that the previous government took out of the NDP's funding of junior kindergarten be put back separately through the Ministry of Education?

Ms Heineck: Your first question on waiting lists is a very important one, but there are some problems in actually identifying how many children are on the waiting lists. We know that in Toronto it's roughly 15,000, and our numbers for Ontario are anywhere between 30,000 and 40,000. But there are a couple of problems with this. First, and most importantly, the restrictions on the subsidy system have made it that so many families can't

even access the subsidy that they don't get on a waiting list, because there is absolutely no avenue for them to achieve that place. So we've seen a reduction in the waiting lists in some areas because those families can't access the system at all, and so they're not officially on any waiting list. The other problem is that some families will get on the waiting lists at many different centres, hoping for the best to get a space in one of them. So right now, waiting lists are not the greatest indicator of the need.

One of our recommendations, though, is that the provincial government collect and make accessible data on a regular basis. This is another thing that hasn't happened since 1995. If we have a better data collection system in place, we could answer that question better.

Secondly, yes, we would like to see the \$160 million restored immediately to the annual budget. Again, that just brings us back to 1995 levels. We'll talk later about going beyond them. But we need that \$160 million right away. Wages have been frozen. We know about the need for capital repairs, and that's been addressed in some part by the announcement last week. We've lost spaces everywhere across the province.

Your third question would be one that—

The Chair: I'm sorry, but your time on that rotation has expired. We'll move to the government.

Mr Colle: Briefly, let me get this straight: We have schools that have empty classrooms all over Ontario right now, right? Under the Harris-Eves funding formula for schools, if a child care went in, they would not receive any kind of funding. They would have to pay the school board money. Is that how it works?

Ms Heineck: Previously that space was offered free of charge to non-profit groups to run child care programs, but Bill 34 did not count the space used for child care as legitimate space to be funded under the Education Act.

Mr Colle: So they said child cares were not a legitimate use of school space?

Ms Heineck: Yes.

Mr Colle: OK. So that's on the books right now.

Ms Heineck: Yes. That should be changed right away.

Mr Colle: So you suggest we get rid of that idiocy?

Ms Heineck: Sorry, ask the question again. I just want to be sure I'm answering the question.

Mr Colle: It's pretty obvious: Do you suggest that we, as a government, get rid of the penalty for operating a child care centre within a public school?

Ms Heineck: Yes.

Mr Colle: OK. That's all I want to know.

The Chair: Thank you for your presentation.

This committee is recessed until 1 o'clock this afternoon.

The committee recessed from 1206 to 1302.

The Chair: I call the standing committee on finance and economic affairs to order and call up the Greater Toronto Home Builders' Association.

GREATER TORONTO
HOME BUILDERS' ASSOCIATION

The Chair: Good afternoon. You have 20 minutes for your presentation. You may leave time within those 20 minutes for questions if you so desire. I would ask you to state your names for the purposes of Hansard.

Ms Julie DiLorenzo: My name is Julie DiLorenzo.

Mr Jim Murphy: Jim Murphy.

Ms DiLorenzo: Good morning. Thank you for the opportunity to speak to you today. As I mentioned, my name is Julie DiLorenzo. I am first vice-president of the Greater Toronto Home Builders' Association. With me is Jim Murphy, the Greater Toronto Home Builders' Association's director of government relations. You should have copies of the presentation that we've prepared for you in front of you.

The four main issues to which I will speak today are, first, the economic importance of the housing industry; second, recent legislation affecting our industry and pending legislation; third, the land transfer tax refund for first-time homebuyers; and fourth, the Ontario home ownership savings plan.

As you see in our submission, the housing industry has been doing relatively well in Ontario and the GTA. Low mortgage rates, population growth and job growth have all contributed to a healthy building industry.

Over the last three years we have sold and constructed nearly 140,000 new homes in the greater Toronto area, equivalent to the total number of households in Victoria, British Columbia.

The GTA is responsible for 60% of Ontario's new housing starts and one quarter of the national total. Each new home, most importantly, generates three jobs, meaning that our industry on an annual basis supports 130,000 person-years of employment, more than the total population of Kingston or Thunder Bay.

Our industry is a strong and important economic engine, generating over \$9 billion annually to the regional economy. In addition, every new homeowner spends, on average, another \$10,000 in the first year of occupancy on upgrades and finishes. A small caution, though: the statistics of building permit issuances are old statistics in that they may represent sales that are over a year old. The industry is strong but vulnerable to changes in legislation, interest rate fluctuations, market sentiment and increased regulations that delay processes unnecessarily.

You will note that the land transfer tax revenue for the province is up nearly 25% in just the last three years and is for the first time approaching \$1 billion, largely due to the strength of the homebuilding industry.

We are here, though, because we are concerned about the potential negatives of potentially unnecessary government legislation that would in fact substantially lengthen the times for approvals and inhibit approvals in areas where the province agrees it wants intensification, while also restricting land supply in other areas. This will only serve to drive up the cost of housing, which is already

feeling pressure from construction, labour and material cost increases. Affordable housing types and alternatives should be a focus and mandate for this government.

While the government suggests that there should be more intensification, the industry is continually faced with objections from ratepayer groups and municipal politicians. We take these objections seriously and during the process try to incorporate as many of the concerns as possible. Those complaints usually relate to higher densities because of political reasons, not because of impact or sound planning reasons. It could in fact be possible that local area groups may not have the provincial mandate of intensification as their objective, notwithstanding that it benefits the neighbourhoods with revitalization and new tax revenue for services. The question must be asked, where will the 100,000 people coming annually to the GTA live?

The Greater Toronto Home Builders' Association has included some recommendations on how to promote intensification in a separate paper, which is included in your package. In addition, the Greater Toronto Home Builders' Association is currently working on a formal response with recommendations to both Bills 26 and 27.

The land transfer tax refund for first-time buyers of newly constructed homes is a great program. Since its inception in 1996, over 150,000 new purchasers have benefited from the program.

As you can see on page 3 in our brief, this current year will see roughly 24,000 refunds worth \$38 million. These refunds are immediately reinvested in the local economy where the new home is purchased, and are immensely helpful to first-time homebuyers who have to scratch to put together their down payment.

GTHBA is strongly recommending that this program be maintained. Today, the average carrying cost for a \$200,000 condominium or townhouse and the average rent for a two-bedroom apartment in the city are almost the same. The issue and challenge is the ability for purchasers to put together the down payment. The land transfer tax refund program assists with this immensely.

These totals pale in comparison to what the province generates from the land transfer tax. This year, with a strong housing market, Ontario will generate nearly \$840 million in land transfer tax revenue, meaning the refunds account for less than 5%.

In addition, intensification provides revenue-positive taxation, more market-value resident tax revenue that it needs to spend on services. This is a fundamental component for future competitiveness for the province. It gives the province the money it needs for other goals. The land transfer tax refund assists in the sales process.

Thirdly, the Greater Toronto Home Builders' Association also recommends that the province look at the current OHOSP savings program, which has almost been forgotten by homebuyers. This tax credit savings program was introduced by the Peterson government and also assists first-time buyers with their down payment. The problem is that the tax credits are meagre and haven't changed since the late 1980s.

For example, a family with a net income of \$50,000 making the maximum deductible contribution of \$4,000 would receive a tax credit of \$750. The Greater Toronto Home Builders' Association recommends that this program be revitalized with the maximum contributions and the credits themselves increased.

Lastly, GTHBA strongly supports the desire of the previous government to eliminate capital taxes. These taxes bear no attachment to a company's profitability and are job killers in asset-based industries such as real estate and housing.

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This tax was not intended to dissuade investment. It was not implemented to hurt our industry and was not even created with our industry in mind. We just got caught in it. It even in effect taxes how much we borrow. What industry gets penalized for how much money is borrowed when it hasn't made any money yet? Even the federal government understands the inherent unfairness of these taxes and is phasing them out. We encourage the province to follow through on its promise to eliminate the tax entirely. At the very least, the thresholds should be increased again.

This presentation does not even start to outline the benefits the province receives from a healthy housing market. We are also the vehicle to train new immigrants and unemployed youth for skilled-trade careers, which the province knows is a serious issue of concern going forward. As an example, the automobile industry has been forward-selling their vehicles. It is now showing signs of lack of demand. Like the automobile industry, the construction and housing industry is a major employer in this province. We still have demand, although pricing for affordable delivery of product depends on co-operative relationships, positive, proactive economic initiatives that do not bog down our process.

Thank you for your time. Jim and I would be very pleased to answer any questions you may have.

The Chair: Thank you. We have about three minutes per party, and we'll start this rotation with the government.

Mr Colle: I'm interested in your ideas on expanding the Ontario home ownership savings plan. Could you just give a minute to that again?

Ms DiLorenzo: I'm going to refer that question to Jim Murphy.

Mr Murphy: OHOSP is a tax credit savings plan, so first-time purchasers would open up an account at a bank or financial institution and they would get credits for savings based on income and other things that were in the program. It lost a bit of its lustre because the federal government in the early 1990s brought in the RRSP program. But the provincial government never got rid of it, and it has a cost of about \$5 million annually. As you can see in our presentation, we did a survey of 700 renters across the province last year, and the biggest issue for them in terms of going into home ownership, which you're seeing in the Toronto market with higher vacancy rates, is just getting enough money for a down payment. So we think this is a really good program. It's a good

idea. It goes directly to purchasers. It can be targeted toward a certain income group, first-time buyers.

Just looking at the current credits that are in place—I think it's \$40,000, the income—none of these have been changed since the late 1980s. If the government wanted to rebrand or somehow revitalize the program, we'd certainly be interested in going out and making people aware of it. I don't think many financial institutions are even aware of it. But it was a good program, is a good program, targeted to first-time buyers and has certain income thresholds.

Mr Colle: Have you got a presentation that you have made or could make perhaps that we could have a copy of?

Mr Murphy: It would be in our submission there, Mr Colle, just talking about the parameters currently and what our recommendations are on increasing them. We could provide some further information for you.

Mr Colle: Yes, I think that would help.

Mr Murphy: The ministry would also have some. The Ministry of Finance provided us with some of those data in terms of the cost on an annual basis. Not a lot of people are utilizing it. The previous government brought in the land transfer tax refund program, which there's a greater emphasis on currently, but if you were to go back and look at these two and keep something in place for first-time buyers, they probably would be of help to you in terms of how to set it up and the parameters. But we could provide some further information too.

The Chair: We move to the official opposition.

Mr Barrett: Thank you for your presentation. We know the federal government is eliminating capital taxes, and you propose that this kind of continue in Ontario, and doubling tax credits and the maximum contribution available for the home ownership savings plan. I know there's an argument that with these kinds of tax credits there's a short-term cost. However, there is a long-term benefit as people take advantage of it and are able to participate more fully in the economy. Do you have any scope at all for either Toronto or Ontario as far as the short-term costs of what you're proposing and, perhaps more importantly, any feel for the long-term benefits of these kinds of tax reductions, essentially?

Ms DiLorenzo: Well, the capital tax is a rather regressive tax for our industry. As I noted, you actually end up getting taxed on the amount of money you borrow, and ours is an industry that is very debt-relative. So in terms of the capital tax, I would say that the costs would be very, very short-term, but for the long-term benefit I think you would see some economic development coming out of it not being there, because, as I said, it actually inhibits you from expanding, inhibits you from investing. So I would say that would be a very short-term reduction in revenue but a long-term strength, and would increase in terms of the economic numbers you're seeing out of our industry.

The other issues relating to benefits for first-time buyers: We have sales centres, and we see first-time buyers having a very difficult time buying their homes, in terms of the deposit amounts they can actually save. The

carrying costs, as is noted in my presentation, are getting to be very similar to renting. It's getting to the point where those things need to be proactive measures that probably will not have any impact in terms of revenue, because the industry is slowing down just by the fact that affordability is under pressure. So I would say they're necessary changes in this time frame.

Mr O'Toole: Just an observation: I commend you on the aggressive amount of homebuilding that's been going on. I think there's been good policy there as well.

I'm concerned in the short term. Municipalities are now feeding on licence and fee revenue and permit revenue, as well as development charge revenue. If the home industry goes in the tank, the revenue for that infrastructure is also going to disappear and they're going to have a big hole in their revenue side, a huge issue. If you die, a lot of the economy dies.

My real question is, there's a lot of pressure on the development charge debate. This is a huge issue for first-time homebuyers. Ultimately, when you stack \$20,000 on top of a house, and you have a 30-year mortgage, that \$20,000 is going to cost that young couple and their family hundreds of thousands of dollars over the life of their mortgage, because stacked on top of the house they're buying is this development charge. Yet there's more pressure than ever from municipalities to say that growth should pay for growth, but it's also paying for rebuilding infrastructure that exists in municipalities. There are two issues that affect municipalities and the government's policy going forward to sustain your industry. Would you like to respond generally to those two issues?

Ms DiLorenzo: I thank you for making note of that, because even \$5,000 added to a new home purchase over an amortized schedule is an enormous amount of money in terms of carrying costs. To add some support to your argument, if you're intensifying on main arterial roads that already have infrastructure, the new tax base you're creating is actually revenue-positive for the province; you're actually making money for the province that flows through, not matched to the cost of infrastructure. So these taxes, these extra development charges, are actually going to prohibit long-term, stable, revenue-positive taxation. I thank you for your point.

Mr Murphy: I might just add that our publication called *Powerhouse*, which is our economic paper in terms of the contribution of our industry—we're updating that, and we'll have a new one out in a couple of months—quotes that in 2001 about \$640 million went to local municipalities across the GTA in development charges and various building permit fees on an annual basis, and it's probably much higher than that now, related to the number of starts.

The Chair: Thank you for your presentation.

ONTARIO VOLUNTEER EMERGENCY RESPONSE TEAM

The Chair: Would the Ontario Volunteer Emergency Response Team please come forward. Good afternoon.

You have 20 minutes for your presentation. You may leave time within the 20 minutes for questions, if you so desire. Would you please state your names for the purposes of our Hansard record. You may begin.

Mr Shane Harbinson: My name is Shane Harbinson, and with me is Steve Rowland. I am the executive coordinator with the Ontario Volunteer Emergency Response Team, or OVERT as it is commonly referred to. On behalf of OVERT, I would like to thank you for this opportunity to make a submission to the standing committee on finance and economic affairs.

In the last few years, we have seen an unprecedented increase in the need for communities to provide a professional, second-tier response to assist during major incidents. From SARS 1 and 2 to the child abductions of Alexis Currie, Holly Jones and Cecilia Zhang, the black-out of 2003, train derailments, missing persons, evacuations and nuclear preparedness, OVERT is at the leading edge of community participation in major incidents.

I would like to take the committee forward to 2010. By that time the city of Toronto, the regions of York and Durham, as well as Peterborough and Northumberland counties and the city of Kawartha Lakes will be sharing among themselves 400 civilian emergency response volunteers and more than 100 volunteer police officers, paramedics, firefighters, nurses and doctors. They will have at their disposal more than \$1 million worth of medical supplies and rescue equipment. These communities will be part of the most integrated community-based emergency response team in the history of Ontario.

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Investing in OVERT is one of the most cost-effective manners in which the government can better prepare municipalities for major events. OVERT personnel can take on less critical roles, relieving police officers, paramedics and firefighters, who can then be redistributed to more critical areas.

The OVERT program is also cost-effective. In a recent two-day deployment, our personnel provided 1,900 hours of volunteer time looking for an abducted child here in Toronto. In total, between police, fire, EMS and OVERT, more than 6,000 hours were spent in the first two days looking for Cecilia Zhang. One third of that total time was given by OVERT volunteers, some of whom drove from communities that were more than two hours away. Perhaps that is one of the greatest accomplishments of the OVERT program: It's not just about a community being able to help itself; it's about bringing communities together so they can work together and help each other.

Child abductions, evacuations, missing persons and other major incidents will continue to plague our communities into the future. Our communities must have the ability to respond to these incidents in an organized and effective manner. OVERT, as a volunteer organization, provides this community response.

Our partnerships with the current emergency services throughout dozens of communities are unprecedented in the history of Ontario. If we look at recent calls, most certainly during the last 12 months for this organ-

ization—the abductions of Alexis Currie, Cecilia Zhang and Holly Jones; the blackout of 2003; and specifically with SARS—you will find an organization that since 1996 has made 100% of the call-out requests from the emergency services.

Mr Steve Rowland: My purpose in being here this afternoon is to discuss and comment on the disaster preparedness of organizations such as OVERT. As Mr O'Toole can tell you, we have two of the largest nuclear reactors in the world in Durham region. OVERT is an integral part of the response to that in dealing with liaison with the police, fire and emergency services. The community is also involved, and the volunteers are drawn from there, because they're stakeholders in their community. But it doesn't deal specifically with Durham region; we're now right across Ontario.

We have volunteers with experience and training that you can't get anywhere else. We have full-time fire-fighters, police officers and paramedics, and we're looking at getting more retired people who have come from those areas. We have people who have 30 years' experience in pre-hospital care in Ontario who will soon be retiring. We're not going to lose that, because they're already affiliated with OVERT. We can draw on that experience. It's almost the same thing as if you show up and can speak the same language. When we do our training for what we refer to as our search medics, we use the same level of training the provincial government does. So when one of our people brings a victim out of the woods, or whatever, and hands them over to the pre-hospital system in Ontario, they use the same language, the same skills and the same techniques, so the whole thing is integrated.

SARS 1 and 2: We were unprepared for that as a province, because no one knew it was coming, and yet OVERT stepped in and freed up a great number of pre-hospital professionals in dealing with the assessment of people and the evaluation of patients going into the hospitals. That would have been dealt with by somebody else if OVERT hadn't been there. This is not getting any better.

The avian flu that's permeating eastern Asia right now is only 24 hours away by plane. Once again, we will be able to step in to the fray and assist the professional services by taking away some of that primary staff and allowing them to get on with their job and still maintain the same level of professionalism. We have the ability to utilize 100 uniformed staff in a police matter, assisting the police—not becoming police officers, but assisting the police—in dealing with crowd and traffic control and other things police officers would be utilized for.

That's why we're here to ask for funding. The infrastructure is in place, and the people are in place. We simply need the funding. If you have any questions, we'd be pleased to try to answer them.

The Chair: Thank you. We have about four minutes per party. We'll begin with the official opposition.

Mr O'Toole: Thank you, Shane and Steve, for coming forward and bringing the important work that's being

done to the attention of this committee. I suspect that it has become obvious because of the work you've done in our area and, in fact, as you've mentioned, more recently with SARS. I've had other people, not the organization, who have come to me and said what you've given here as testimony.

I'm actually going to be critical of when we were government, which is probably the first time that's ever happened on record, certainly today anyway. This isn't even a partisan remark. The way you've described not just the response to SARS or Cecilia Zhang or the other incidents where your services have been important, in fact critical to any kind of solution—they came up with the community emergency response program. At that time, I brought it to the attention of the then Solicitor General—Bob Runciman, I think—and I showed him your model. I showed him the OVERT model, that it's working. It's being engaged, I think, in talks with the city of Toronto to be part of their disaster assistance strategy. It's an existing organization. I see your recommendation here is to run parallel programs, allow you to bid to the regions—Peel, York or, for that matter, the city of Toronto.

What more could we do to convince the government? They're the government now, and I feel badly about it. But there is an opportunity here for them to do the right thing. I'm saying this in a non-partisan way. Here's an organization. It does all the things they've said. In my view, all they're saying here is to allow them to be part of the process to provide that service parallel with CERV. They're not here to dismantle the CERV project, but to work with it and strengthen it.

I would put that question to you to bring to the now government. The opportunity, which you're making your recommendation here, is to look at not just OVERT, but at CERV, where it brings together people who are trained. Imagine, if you had to build this organization, the amount of training, not just police and fire but the other paramedic roles and also training volunteers in your own right. Is there anything you could tell them?

Mr Harbinson: The first thing I would state is that over the last few years I have met dozens of mayors, police and fire chiefs, EMS managers, directors of emergency measures and community emergency management coordinators who form the foundation, obviously, of the government response to major incidents. From these meetings, I would say that OVERT is coming forward with three recommendations. The first recommendation is that everyone recognizes the Ontario government as the most influential player in determining the safety of our communities. It is by far the most influential player in determining Ontario's strategy on disaster preparedness. Through this, provincial government participation and funding in the OVERT program is critical if we want to deliver a program that meets the needs of the communities in the most effective, cost-efficient manner.

We're recommending that the OVERT program be partnered for evaluation with the emergency management of Ontario CERV program and that for the duration of

the evaluation OVERT receive per-capita funding for the population base that OVERT currently serves. I think that what we will see in the near future as this program continues to expand—and it's going to continue to expand; our hope is that we can develop a partnership with the Ontario government. In March of this year we have a meeting with the district CEMCs, which will represent all of the Golden Horseshoe area of Ontario and approximately 75% of the population of Ontario.

Of note—and this is what one of the keys is. When you talk about volunteerism, there is a certain stigmatism that's applied to volunteers. We've created a program where we're bringing professional volunteers forward. That's what the key is: They're professional, not just in the training but, more critically, in their experience. If you have a major incident and you have a number of volunteers show up, and they are not experienced, they are not going to be an effective asset to the professional services. That's what we're drawing upon and bringing forward. Now we're bringing forward that experienced volunteer.

The amount of interest at the municipal level in this organization in Ontario right now is unprecedented—not just in Ontario but throughout Canada and throughout North America. We've received inquiries about our program from as far away as California. It is our hope that the Ontario government is going to want to work with us. That's our current recommendation, that OVERT and CERV be partnered for the purposes of evaluation.

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The Chair: We move to the government.

Mr Wilkinson: Thank you for coming today. I want to commend the member for Durham. I understand you're from his riding. I think it's wonderful that you have been able to come to see us today. We're always looking for good ideas.

I just want to get into a couple of things. Specifically, you would like to have funding for the 40% of the population of Ontario you're currently covering, and perhaps one day 75%. What is that? In dollars and figures, Shane, what are we talking about?

Mr Harbinson: I believe that in 2002 it was announced by the ministry that there's \$1 million already currently available for the CERV program. What we're asking for is that, within that program, we receive per capita funding for the amount of Ontario that we cover population-wise. I believe currently we're covering in the neighbourhood of 35% to 40% of the population of Ontario, so ideally what we're looking for is somewhere in the neighbourhood of \$350,000 to \$400,000 of money that has already been allocated to the CERV program.

Mr Wilkinson: What you're saying you're doing is wonderful. As a follow-up, just a question from someone who doesn't know anything about this, from a liability point of view, you're saying you have people who are retired professionals who would be exactly the kind of people you would love to have as a first response. What is the liability for someone who is a volunteer, who out of the goodness of their heart comes and helps out?

Mr Harbinson: Liability issues for the departments have been dealt with to begin with, because the police service, EMS and fire obviously had significant concerns with regard to the issue of liability. We actually have a comprehensive insurance program that covers us for liability. It has gone through the legal counsel at the departments in order for it to be passed by them in order for us to be utilized.

Mr Wilkinson: So we're paying for that now as a government, or your volunteers are paying?

Mr Harbinson: The agency pays for it itself.

Mr Wilkinson: Oh, the agency, which then gets the benefit of having you show up and help out.

Mr Harbinson: OVERT does; OVERT pays for it itself.

Mr Wilkinson: Where are you getting your funding if you don't have this funding?

Mr Harbinson: We are receiving some second-tier funding right now. We are currently working and are making additional presentations this year. We do fundraising on our own.

One of the benefits of the organization is that OVERT does not need to rely upon any one level of government for funding. Our hope is to approach the business community—and the business community has certainly come forward for us—and to do some of our own fundraising. Our goal is that everyone puts a little bit into the pot.

Mr Wilkinson: It's a great expression of our community.

The Chair: Thank you for your presentation.

TORONTO DISASTER RELIEF COMMITTEE

The Chair: I call upon the Toronto Disaster Relief Committee. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you so desire. I would ask you to state your names for the purpose of our recording Hansard.

Mr Michael Shapcott: Good afternoon. My name is Michael Shapcott. I'm the community development coordinator with the Toronto Disaster Relief Committee. With me is Dana Milne, who is the research—sorry, the community development coordinator for the Toronto Disaster Relief Committee. I'm the research coordinator. I think I've got my job titles correct now.

Thanks for the opportunity of appearing once again in front of this committee for the pre-budget consultations. We have two key messages that we want to deliver to the committee today. We have a written submission that provides a bit more detail in terms of our messages.

Our first message is that there has been a costly policy failure in Ontario. Since 1995, it has been the provincial housing policy to cut hundreds of millions in funding to housing programs, cancel tens of thousands of units approved for construction, download costs and administration of housing programs to municipalities and then hope the private sector will somehow magically pick up

the slack and build new units. We of course know that has been a very expensive failure.

We were encouraged to note that the Liberal Party in the election period made a very clear statement rejecting that and in favour of a program of bringing the provincial government back into the housing business. To quote from the Liberal policy document, "We believe the provincial government has a responsibility to help provide affordable housing."

Our second message to this committee today is that there are practical and affordable solutions to increase the supply of affordable housing and ensure that no one is left to die from homelessness in this province. We call this the 1% solution, and we'll be speaking more about that in our presentation.

I'd like to turn it over now to my colleague Dana Milne to provide some more detail.

Ms Dana Milne: The Toronto Disaster Relief Committee was formed in 1998. We're a very diverse group, with members who have backgrounds in social policy, health care and housing expertise, academics, business people, community health workers, anti-poverty activists and also people who are homeless and low-income. The purpose of our work over the last five years has been to address the homelessness crisis in Ontario and across Canada. Primarily we have been working to increase funding for affordable housing, for rent supplements and also for the emergency services that are absolutely essential to saving the lives of homeless people on the street.

We work closely with the Housing and Homelessness Network in Ontario and also the National Housing and Homelessness Network, which are two very broad networks made up of community groups across Ontario and across Canada.

When Ontarians came out to the polls on October 2, they voted for change. Like thousands of other Ontarians, we believe that change is still possible, even with the current \$5.6-billion deficit. Here I'll refer you to page 3 of our submission, where we discuss the findings of the Ontario Alternative Budget Working Group. It's their view, and we share this, that Ontario does not have a spending crisis. In fact, over the last eight years spending has been cut to the bone. What we have is a revenue crisis.

What the OAB working group is suggesting is that a combination of minimally increasing personal and corporate income taxes, closing tax loopholes and tightening up tax administration and enforcement would generate about \$3.75 billion in additional revenues. We feel it is possible to meet the \$5.9 billion in new spending that the Liberals promised in the campaign for change and still balance the budget, but it will mean increasing taxes and it will mean delay in balancing the budget until the last year in office. The OAB is suggesting just a modest 2% increase in personal income taxes, which would only be about \$2.50 a week for the average taxpayer. As a taxpayer myself, I see increasing taxes actually as an investment—an investment in public services like housing, but also child care, education and health care.

I feel that you as a government have a choice of freezing taxes and prioritizing the deficit, like the Tories over the last eight years, who were soundly defeated in the last election, or investing in public services that are crumbling around you.

In the last eight years, public services have been decimated, and it has been the one million poor people in this province who have borne the brunt of these cuts. Welfare has been cut by 22%—it hasn't increased for eight to 10 years; rent controls have been abolished; thousands of new social housing units have been axed; funding has been slashed; and social housing has now been downloaded to municipalities.

The result is nothing less than a homelessness crisis. Rents have skyrocketed. Food bank use has jumped. Shelters are grossly overcrowded and struggling to deal with a bedbug epidemic, of all things. In 2002, 60,000 tenants were evicted in Ontario, 80% of those for being in arrears of less than one month's rent.

Even with the increased vacancy rates, current rents have priced many tenants right out of a home. More than 71,000 people are on Toronto's social housing waiting list alone. Most importantly, people are dying. The Toronto Disaster Relief Committee holds a monthly memorial to commemorate the deaths of people who have died on the streets, and this is just in Toronto. Since 1986, and predominantly since the mid-1990s, more than 340 people have died on the streets of Toronto.

What I'm here asking the committee is, do you want to be the ones to tell a homeless man who just two weeks ago lost his leg to frostbite that he'll have to wait for housing because you have to balance the budget and you don't want to raise taxes? In fact, you have a choice, and it's a choice that Ontario's poor people don't have.

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Mr Shapcott: In my last appearance before this committee, which was January 20 of last year, I remember having a conversation with Mr O'Toole under slightly different circumstances; he was on the other side of the room. We had a conversation about the roots of the housing crisis and homelessness disaster in Ontario, and for Mr O'Toole's benefit and others I have included a technical report attached to our brief that was published in March of last year that provides a lot more detail on the roots of the housing crisis and homelessness disaster in Ontario.

I'd like to make two final comments before opening up for questions. First of all, of course, we are in a different era now. I'd like in particular to speak to the members on this side, who during the recent provincial election campaign made a number of specific housing commitments which had significant financial costs attached to them. On page 5 of our written submission we've outlined some that we think are the most important ones you've made and we've included your cost estimates. We'd like to commend those to you:

—Almost 20,000 new housing units for needy families—your cost estimate, \$245 million over four years;

—A housing allowance for low-income families to provide direct immediate housing relief for 35,000 families—your cost estimate, \$100 million annually;

—A provincial rent bank to help tenants with short-term arrears so they can keep their homes—cost, \$10 million annually;

—Priority to the development of affordable housing on Ontario government-owned lands—you didn't supply an estimate of what that cost would be;

—The creation of a new Ontario mortgage and housing partnership to provide competitive financing rates for co-op, non-profit and commercial developers who want to build rental housing—again there was no cost estimate that you attached to that; and

—Finally, a significant increase to supportive housing options for those suffering from mental illness, so special supportive housing—you didn't provide a cost estimate but you did suggest you would build 6,600 units over four years, and our estimate is that that's about \$100 million.

So we estimate that the total cost of your housing promise is at least \$272 million annually.

We also know you made a number of other very significant and important housing promises that don't have a direct financial impact, including commitments to repeal the misnamed Tenant Protection Act and replace it with effective tenant protection laws, to encourage the construction of more rental units, to encourage municipalities with low vacancy rates, to protect existing rental housing from unreasonable demolition and conversion, and a number of specific promises to reform and repeal regulations used by the Ontario Rental Housing Tribunal, which of course became a fast-track eviction factory under the previous government.

In order to meet that second set of promises, you don't necessarily need to commit a large scale of money in terms of the first set of promises, but you do need to ensure that money is restored to provincial housing programs, which are currently divided among several ministries. From 1995 to 2003, the provincial government cut an estimated \$879.1 million from provincial housing programs. This funding needs to be restored and staffing needs to be brought up to appropriate levels to meet all the promises you've made. We're here today to say that we support those specific commitments. We think these should be the first priority. As we've already said, we think that rebuilding Ontario's public services needs to be addressed.

We don't think, however, that they go far enough. We're advocating what we call the 1% solution. Since 1998, the Toronto Disaster Relief Committee has been calling on all levels of government to in essence double the amount of money they were spending on housing by adding 1% to their overall budgets for housing. We've broken down what that would mean in terms of Ontario, and this has in fact been adopted by the Ontario Alternative Budget Working Group as part of their fiscally responsible framework for rebuilding public services in Ontario.

We think that a new Ontario housing supply program needs a minimum of 13,000 new units annually. That's short of the actual need, which is estimated at 15,000 to 18,000 units annually, but it certainly will get us a long way in the right direction at a cost of \$650 million annually. The provincial government needs to provide its full matching share of the affordable housing framework agreement, and the Liberal Party already committed to that during the election campaign. That's an annual cost of \$49 million. The province should reassume the funding for social housing and take it off the municipal property base—\$850 million annually; provide rent supplements for new housing—that is, payments to low-income households to help them pay the rent, pay utility bills and feed the kids at a cost annually of \$50 million; and new rent supplements for existing tenants at \$136 million.

Those are our very specific suggestions in terms of the pre-budget process of where we think the goals should be set. We think you should start with fulfilling the promises you made and move on to the recommendations that we're adopting.

We also want to raise two additional small but important issues. We know that from across the province the homeless shelters are reporting that they are not only at capacity but turning away many people every night, which in the current weather conditions is not acceptable. Part of the reason is that municipalities say that per diems paid by the provincial government to municipalities for homeless shelters are very short. But we think that the provincial government, through the Ministry of Community and Social Services, needs to increase the per diems to reflect the actual cost of running shelters. That should be done in consultation with municipalities, shelter operators and community-based groups.

Our second recommendation deals with adjustments to electricity rates, which we know the government is looking at. We know already that a large number of low-income households have faced disconnection, and we've heard reports of people losing their homes because they can't afford to pay their hydro bills. This is a serious issue for low- and moderate-income households. I won't spend a lot of time going into specific solutions but would commend to you a report prepared by the Community Social Planning Council of Toronto in November 2003, given to Energy Minister Dwight Duncan, which sets out a number of policy proposals on how to structure rates so as to ensure that it doesn't lead to an increased housing crisis and increased homelessness.

Thank you very much for the opportunity to make these submissions. We'd be happy to answer any questions.

The Chair: Thank you. We have about two minutes per party, and we'll start with the NDP.

Mr Howard Hampton (Kenora-Rainy River): Thank you very much for your submission. I just want to go back to your recommendation, the 1% solution, and look at the commitments that the new government made in the election, and the cost, as you've estimated it, of implementing the commitments the government made in the election, about \$272 million annually.

I wonder if you could give us your sense of where those commitments, as made by the government, would put Ontario in the context of your recommended solution, the 1%. Is it barely adequate? Is it short-term adequate? Is it a band-aid? In other words, I'm asking you, given what the government committed itself to, how much of the job will it get done?

Mr Shapcott: It will get us a short step down the path. In percentage terms, it probably represents about a third of where we need to be. The 1% solution itself was deliberately structured to be modest, in the sense that we know that even after several years the 1% solution won't end homelessness or the housing crisis in Ontario, but it will substantially ease it. We're talking about one third of an already modest request, so I have to say to you, Mr Hampton, that we think it is barely adequate in terms of responding.

We always make the comment, however, in deference to the members over here, that it sure is a darn sight better to have these promises than what we faced over the previous eight or nine years, which was all of the cutbacks. We're glad that there's been a reverse in the policy direction. Unfortunately, though, we haven't yet seen a commitment from either of the housing ministers; there are now two housing ministers in Ontario. They made lots of speeches, but we haven't yet seen a shovel in the ground; we haven't yet seen a new unit committed. While the promises will take us in the right direction, what we actually need to see is the housing being built.

The Chair: Thank you. We move to the government.

Mr Colle: Thank you very much. I had to take a second look, Michael; I haven't seen you in a while. Thanks for being here and for your continued good work for the people who need housing, not only in Toronto but all over Ontario.

I guess the sort of challenge that I have, that we have—I speak on behalf of my colleagues—is that we're committed to getting back into the housing business and we are going to do that. I think that it's a matter of timing, and it's also a matter of priorities. I guess what we need from advocates like yourself is to try to shape a plan of action, maybe in stages in terms of coming to our objectives, and whether we should proceed with the shelter allowance or the housing allowance for needy people or whether we proceed with a building program immediately, which gives us the fastest, most immediate relief in terms of the pressures on available housing.

The other thing is that I've always been impressed with the city of Toronto's housing expertise—Councillor Feldman, Marvin Sadowski—and also the councillors there have this expertise. They have identified a number of projects—

The Chair: Question.

Mr Colle: —and sites. Wouldn't we better invest our dollars by partnering with them directly to fast-track some of these needed projects rather than trying to reinvent a housing construction initiative by ourselves?

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Mr Shapcott: The affordable housing program that your party endorsed during the campaign was a program

that would rely on federal-provincial cost sharing municipal delivery, so that's there. The city of Toronto has a good track record but it has consistently failed to meet even its own modest commitments.

I do want to say, though, with the greatest of respect, that we have a disaster. I'm tired of coming here every year and saying that it's a disaster. I'm tired of having to drag out the fellow who a week and a half ago lost a limb due to frostbite. To say to him, "We've got to work out a plan; it's taking a while," is simply disingenuous. We actually do know what it takes to build housing. This province has a track record. When your party was last in power in the mid- to late 1980s you implemented a number of highly successful affordable housing programs which generated tens of thousands of units that people live in today, and they are very good. So we don't need to spend a lot of time sitting around, saying, "How do we do this? How do we do that?" What we need is for the government to say, "Here's our money. Let's get on with the work."

The Chair: Thank you. Mr O'Toole.

Mr O'Toole: Thank you very much, Mr Shapcott. I do recall our exchanges over a number of years and I do respectfully appreciate what you do. Advocating is absolutely critical.

I was impressed with Hugh Mackenzie. He made a very good presentation on the first day of hearings here in Toronto in this very room. He very skillfully mapped out the shameful travesty of the Liberal platform: \$5.9 billion in promises. As you've aptly described, not one shovel has been put in the ground, nor is the Oak Ridges moraine better, nor the 407 better, nor the energy issue, nor the public transit issue. I think they pulled the wool over the people of Ontario's eyes. It's yet to be seen; they're here. I hope they address some of the issues you have brought to our attention, I really do. I sincerely think it's their turn—they're the government—to go forward and actually do what they say. You said that you've been advocating for years, and you've seen the end result here just in a short 100 days. It's the anniversary, sort of a sad anniversary, but February 2 happens to be the third or fourth anniversary in months.

I am looking at page 5 and I am looking at the modest \$275 million that you are looking for on an annual basis. My question to you is, what is the first thing you want to see in print from this government, and to see them do after the budget they'll likely have, probably after the federal budget, in April? What's the first thing you'd like to see them do and deliver? We'll all applaud them if they do it. I'll stand up in public and applaud them—because they probably won't do anything.

The Chair: You may respond.

Mr Shapcott: Thank you, Mr O'Toole. If I may just say, I'm not here to make any partisan political comments but I think there is plenty of blame to be shared on all sides of this room in terms of the problem we have. As I recall, what Hugh Mackenzie has been saying is that the root cause of the problem has been some initiatives by the previous government, your government, and the

spending cuts that fuelled the problem, but we won't get into that.

Dana and I and others from the Toronto Disaster Relief Committee met recently with Mayor Miller after his election and we decided, going into that meeting, that we didn't want to say that there's just one thing you can do, there's a magic bullet, because there is no magic bullet. The crisis of affordable housing and homelessness is so severe that we actually need a comprehensive solution. So the answer to your question, first of all, is that the government has to get back into a serious and comprehensive provincial housing strategy in partnership with the municipalities and the federal government, and that has to have a number of elements. We do think, however, that one thing that has been absolutely shamefully delayed—and it goes back to November 2001, when the previous government signed the affordable housing framework agreement with the federal government committed to \$245 million federally and \$245 million provincially over four years for new, affordable housing in this province. With the exception of an aboriginal housing project in northern Ontario, a good project, nothing has been built in more than two years in this province. We think that the first priority the government should do is to release that money that is there to follow through on commitments that are now two years old and predate the current government, but that are good commitments, to get the housing built. But the other measures that are mentioned here, plus the other initiatives we have talked about, also need to be considered as part of a comprehensive package.

The Chair: Thank you.

YEE HONG CENTRE FOR GERIATRIC CARE

The Chair: I would call on the Yee Hong Centre for Geriatric Care. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes, if you so desire. Would you please state your names for the purposes of Hansard. You may begin.

Dr Joseph Wong: I am Dr Joseph Wong. I am the founder and also chairman of the board of the Yee Hong Centre for Geriatric Care. Beside me is my CEO, Florence Wong, who is in charge of the whole operation of the centre.

First of all, I want to thank you for giving us the opportunity to make a presentation to you today regarding such a very important matter. We applaud the government for its commitment to the public services that Ontarians need most and also want the most.

We also realize that there is a very big deficit facing the government of Ontario and the province, and we would like to show you the experience that Yee Hong has gathered in the last 10 years of serving seniors and how innovative changes, as well as the partnership between government and community, can produce very good results as well as probably saving the government a lot of

money in taking care of a very large sector of the population.

What is the Yee Hong Centre? I'd like to relate to you my experience and also why I founded the centre in 1987. I graduated in the States in 1976 and came back to Canada to do my residency and internship training at the University of Toronto teaching hospitals. In 1977 and 1978, while I was doing internship and residency training at Toronto Western Hospital, I was often sent to see patients in surrounding area nursing homes. I ran into a lot of Chinese-speaking seniors. At that time there were no nursing home beds that catered to these people in their language and in a culturally appropriate way.

I ran into a lot of these people, and they told me their horror stories. I'm quite sure you have heard of and read the series of articles by the Toronto Star in the month of December, on the front page almost every single day for two weeks. I can tell you that it is not an exaggerated story, because that was exactly the kind of experience I went through while I was working in the nursing homes seeing patients. Particularly for Chinese Canadians, they have the added barriers of language and cultural problems. So when they were in an environment they were not familiar with, where the diet was also not familiar and nobody was able to communicate with them, their horror stories were much more important than the ones you have read in the Toronto Star series of articles.

There was one common theme that I experienced. Almost all of them asked me, "Dr Wong, can you help me kill myself?" It was a situation so horrible that they could not tolerate life any more. It was because of that particular sentiment that I said, "We have to do something about it. We cannot leave the seniors who have built a foundation for us to die in a hopeless way, in a very desperate situation in a nursing home."

Ten years later, in 1987, I gathered a group of friends and started to work on this very important project, and I will let you know how far we have come. Since 1987, we have seen 80 to 100 nursing homes or homes for the aged in southern Ontario. We went to talk to a number of authorities, a number of people, in order to learn the business of running a nursing home, and particularly running culturally appropriate nursing homes for Chinese Canadians and other people.

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In 1994, we established the first centre in Scarborough. It is not only a nursing home, because we realized that by building an isolated nursing home, no matter how good you are, the situation would not be very good because it doesn't have life in the centre. What we were building and what we were planning was a comprehensive geriatric care centre model, taking care of seniors from the very healthy to the very frail, all under one roof. In that way, we created a lively community; we created a situation in which we changed the nursing home concept. Instead of a home or a place where people just waited to die, we created a caring place where seniors would have dignity, would still feel there was hope, would continue to live life to the fullest. That is what we have done.

As a matter of fact, we have succeeded so well that in the past 10 years the Ministry of Health in Ontario has referred over 800 delegations from around the world to see Yee Hong. "If you want to see a good nursing home, go to Yee Hong," is how we are known now. In the last 10 years, we have passed the Canadian Council on Health Services Accreditation three times with top ranking, and I can quote: during the first survey, Yee Hong "offers exemplary care"; during the second survey, Yee Hong "offers stellar services"; and during the third survey, they said Yee Hong has so many good practices that we should share best practices with the rest of the world—not only with Canadians, but with the rest of the world. So I want to let you know that we have created something the rest of the world has to come to Ontario to learn. I'm very proud that we have built up a team and also a model that is the envy of the rest of the world.

By the fall of 2004, Yee Hong will have built four geriatric care centres. We finished the first one in 1994. By 1998 we expanded the services, adding 65 more beds to the existing 90. By the end of 1998 we got an offer from the Ontario government to build three more new centres: one in Markham, one in Mississauga and another in Scarborough.

Within five years' time, I am very glad to tell you that we are able to finish all three. It is not three isolated nursing homes, as I stated; it is three geriatric care centres in three locations where the population is very diverse. Particularly in Markham, we created a home for Chinese Canadians, of course, and we also created a home—Yee Hong, from the very beginning, was not out to serve only Chinese Canadians. In a multicultural Canada, we understand that we have to build bridges among different communities. So in the Markham Yee Hong Centre we have a whole floor dedicated to serving Canadians of South Asian descent, because there is no single bed across Canada that caters specifically to South Asian seniors in their culture and language. We have done that in Markham. Also, we have a floor serving general Canadians. So the Yee Hong Centre in Markham is the first and only nursing home in Canada that has three different menus: one for Chinese, one for South Asians and one general Canadian. Of course, a Caucasian Canadian would like to have chicken fried rice, or vice versa; a Chinese Canadian might want to have a hamburger. So we have choices. That is how we make people feel they are still in charge. The seniors still feel they can control their destiny, and that is where we have been able to succeed most.

Besides regular care, at which we certainly excel, we augmented the government's funding with community fundraising. So instead of only offering residents two hours of personal care a day, we are able to offer two and a half hours of personal care a day. The whole centre is geared to service, because it is not our aim to make a profit out of the operation.

For the South Asian floor, the whole floor was decorated with familiar sights in South Asia that they could see in Sri Lanka, India, Pakistan or elsewhere. In the food,

we have probably 36 different spices, curries and whatever, that they are most accustomed to. As a matter of fact, I could say that of all the Indian food I have tasted in Toronto, Yee Hong probably offers the best in Markham. So I like to go there to eat. Instead of eating Chinese food, I like the South Asian food in Yee Hong Markham.

We have also created different types of services that could offer the seniors a lot of comfort and offer them a sense of belonging, a sense of dignity, and save the government money—for example, cancer and palliative care.

Florence will later expand on it to let you know how we serve terminally ill patients in an area bounded by Yonge to the west, Pickering town line to the east, north of the 401 to south of Major Mackenzie. We have a population of around 600,000 people, and we use very little money, a quarter of a million dollars each year, to make sure that 600 terminally ill patients are served in the comfort of their own homes, 24 hours a day, seven days a week, around the clock, every day of the year. That saves the government a lot of money because it saves a lot of emergency room trips. It saves a lot of hospitalization at the end of the day, because half of these people whom we are taking care of choose to die at home rather than in a hospital. I believe Florence will elaborate on that later.

We are also very innovative in creating senior citizen apartments in which we offer home services. All this will delay the inevitable: that at the end of life, people need a lot of services in order to be independent. We bring these services to the doorstep so that it will delay admission to nursing homes and hospitals. All of you know that hospitals are very expensive, around \$1,600 per day. Nursing homes are around \$114 a day. Home delivery services are a lot less expensive than even a long-term-care setting. So we are creating a situation in which we think these economics work and in which we save the government money. For the rest, I want Florence to give you some more details. I want to conclude by saying that we have created a model, a spirit in which seniors live in dignity while also at the same time we are saving the government a lot of money.

Ms Florence Wong: Ontario is really facing a lot of challenges. We all know so well about the aging population. By 2028, 17.1% of the population will be seniors. We are already spending 46 cents per dollar for health care. So we really have to look at alternatives, how we can provide better care for less.

The second challenge we are facing today is the huge cost in acute care and chronic care settings, which Dr Wong has mentioned. Also, we are so familiar with the overcrowding situation in emergency rooms as well as in acute care hospitals. It is common knowledge that seniors are the largest group using these services. So if there is a way to get the seniors out of acute care and reduce the use of emergency rooms, then we can solve a big chunk of the problem.

Another challenge we are facing today is in fact the increasing expectations of seniors. Seniors are getting

more sophisticated. They need more than just the physical care. They want to have dignity. They want to be respected. They have a lot of resources. So in fact, while we have a big group of seniors, it also means that we have a lot of resources we can tap into. What they want are services that enable them to age in place, are flexible, are accessible and which are culturally appropriate.

Based on the challenges which I have outlined above, and also our experiences as outlined by Dr Wong, we would like to submit four recommendations to the committee.

First of all, to ease the overcrowding of acute care hospitals and emergency rooms, we recommend that the government increase the role and funding of long-term-care facilities. This could facilitate the early discharge from hospitals of seniors who have a fall, who have an operation or an acute illness. They can be discharged to long-term-care facilities. As well, a big number of residents in long-term-care facilities may have to be transferred to hospitals for IV therapy, for hydration, for the use of antibiotics or for tube feeding. So if we can increase the role of long-term care and proportionately adjust the funding, I think we can reduce the use of emergency rooms as well as acute care facilities in the province. That will save the government a lot of money.

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The care needs of long-term-care residents have increased by 19.1% since 1992. Long-term care in fact has the infrastructure and the experience to provide more care. All we need is a bit more funding. But even if, say, the government increased the funding by 30%, it's still half of what it's costing the government to provide care in a chronic care setting. At Yee Hong, we are serving seniors with very complex needs. We serve seniors on dialysis, we serve seniors with tube feeding. Definitely we have the ability to do more. We are injecting our own dollars, but we need some assistance from the government.

Our second recommendation is to ask the government to invest in programs that support aging in place. This could include the expansion of supportive housing programs to subsidized housing, condominiums or life lease projects, as well as supporting transportation.

Seniors really want to age in place. They don't want to be in long-term care unless they are really pushed to do so. From our experience, they are willing to pay a little co-payment to get the services to enable them to age in place. In our Evergreen Manor, we have 130 units of subsidized housing, with about 200 seniors living there. The average age of the seniors living in the seniors' apartment is 81; 72% of them have more than two chronic health illnesses; 66% of them have to walk with assistive devices; 72% need assistance in personal hygiene and meal preparation; and 88% need assistance in homemaking.

But we are keeping the seniors at home because of our 24-hour on-site emergency response, personal care, homemaking services and transportation. The cost per senior per day is about \$20. The government subsidizes

us \$11, and \$9 is paid by the seniors themselves. So this is a very cost-effective program. In the words of the seniors, they live in paradise. They say that they are living in paradise, they love it so much.

Yee Hong is in the process of developing a life lease project—308 units—that is so popular it's all sold out. It's proof that seniors really need a place and want a place where they can age in place, and they are willing to put in some money to do that.

Our third recommendation is to ask the government to invest in programs that support health promotion and wellness, so that seniors can stay in the community. As I said, seniors are very intelligent, resourceful, well-connected and very eager to help. In our healthy seniors program, in 2003 we served close to 1,600 seniors and provided close to 1,700 activity programs—social, physical, recreational programs—which prove to be very effective. This group of seniors provides a good source of volunteers for us for the centre as well as for the community. They are a very good source of fundraising too. In the past five years, they have raised over \$800,000. They also raise money for the United Way, for disaster relief, for hospitals and for the fire department. The cost to run this program is \$35 per member per year. So it's very cost-effective. This program is entirely funded by Yee Hong. As we have more seniors, I think we have to tap into this pool. All we need is to set up the infrastructure to enable them to organize themselves and enjoy the program.

Finally, I would like to make the fourth recommendation, which is to take a look at Yee Hong's in-home cancer and palliative care program. It is very cost-effective, and it ensures quality of life for the dying patients and their families. Since 1998, Yee Hong has been using its own money to support a physician-based cancer and palliative care program. We have four physicians, one full time and three part time, offering round-the-clock medical services to dying patients. We have served close to 2,500 dying patients in their own homes. That includes pain management, visiting homes, and bereavement and spiritual care. In 2003, we served 603 patients in their own homes, which means that, on average, we spent \$415 supporting these dying patients at home.

The Chair: I hate to interrupt, but I just wanted to let you know that you have about two minutes left for your presentation.

Ms Wong: That's fine.

On average, they stay in the program for 92 days. The cost per patient per day is \$4.50. It's very affordable. For the past five years, this program was supported entirely by fundraising dollars.

Our physicians made close to 2,000 home visits last year. If half of those visits were not done by our own physicians, they would end up in emergency rooms and in acute care hospitals and it would cost the government a lot of money.

In our experience, half of the patients choose to die at home rather than in acute care hospitals. Again, it would

cost a lot of money as well as crowding the emergency rooms and acute care hospitals.

We would like to submit to the committee that Yee Hong has proven to be a very effective model in providing programs and services to enable people—no matter if they are seniors or cancer patients—to stay in their own homes. These programs are very cost-effective and ensure very high health outcomes as well as quality of care for patients.

The Chair: Thank you very much. There is no time for questions, but the committee appreciates your presentation today.

ONTARIO PRIVATE CAMPGROUND ASSOCIATION

The Chair: I would call on the Ontario Private Campground Association. Good afternoon. You have 20 minutes for your presentation. You may choose to leave time within that 20 minutes for questions if you so desire. I would ask you to state your name for the purpose of our Hansard recording.

Ms Melissa Cline: Thank you for making time on your agenda. My name is Melissa Cline. I'm president of the Ontario Private Campground Association. As an association, we represent a body of privately owned campgrounds in Ontario. While every campground in Ontario is not a member, the more than 470 members are leaders in the development and promotion of camping in Ontario for the economic benefit of our province.

The OPCA's members represent more than 65,000 campsites throughout the province. These campgrounds offer a complete and varied camping experience, from the remote, unspoiled wilderness to sandy beaches, heated pools, tennis courts, water parks and outdoor theatres. We are a destination not only for Ontario families who want a relaxing vacation; we also attract thousands of tourists to Ontario, in total servicing hundreds of thousands of families each year.

Our members, campground owners, are small business people both young and old, running these predominantly small businesses in nearly every corner of the province. However, we are faced with a serious set of property taxation issues that threaten the private campground industry and the tourism benefits it brings to the province.

The campgrounds we own have traditionally been assessed, and every year property owners like us everywhere pay our taxes on the lands and buildings that we own. However, a new round of omitted assessments and tax bills are being issued which add the value of the campers' trailers to our assessment roll and consequently to our taxes. This is an extremely unusual situation, where we're being taxed for trailers we do not own. So, as it stands now, private campground owners are paying not only their own taxes but are also being forced to pay the taxes of trailer owners who spend time in the summer on our properties.

It's important to underscore this point: This issue is not about the taxes OPCA members pay on their camp-

grounds—we absolutely understand that—rather, it's about correcting a system that sees campground owners forced to pay the property taxes of campers who camp on our land.

1420

In addition, private campgrounds are being placed at a competitive disadvantage to government-run campsites. The current tax system is unable to levy the same property taxes on campers staying on government campsites.

Ontario's private campground owners have always paid property taxes to municipalities across the province, many of which are smaller or rural municipalities that depend on these revenues that the campgrounds are paying. The contribution of tourist dollars in many of the remote communities represents the main revenue stream and therefore is the axis for creating and keeping jobs and businesses alive.

In addition to the taxes paid to municipalities, many of the private campground owners do not use municipal services like water, wastewater or garbage collection. On the contrary, most campgrounds have their own freshwater wells and sewage systems, and privately contract for garbage removal.

In many ways then, whether it's tourism, offering modest-income Ontarians a vacation spot, increasing revenue to local communities or the aggregate taxes paid to municipalities, OPCA members bring considerable benefit to Ontario.

Right now we have a bit of an unworkable system.

Historically, there has been great difficulty establishing a workable property taxation system for trailers on seasonal campgrounds in Ontario.

As you may know, in the early 1990s, the controversy around the issue grew to such a level that the Liberal government of the time implemented a moratorium on the assessment of trailers in seasonal campgrounds.

For approximately 13 years this moratorium remained in place. The purpose was to permit a comprehensive analysis of the varied problems posed by the manner in which assessments were done.

Largely because of the complexity of the issue, a workable solution was not found during these years. However, the former provincial government did take some action when it launched a comprehensive review of taxation issues, which culminated in the Beaubien report, which you may be familiar with.

On the issue of trailers, the Beaubien report concluded that "all residential units located in trailer parks, campgrounds, and land lease communities be assessed and taxed at the residential rate if they meet the test of being assessable real property by exhibiting characteristics of permanency."

We agree with the direction proposed by the Beaubien report. We have always agreed that units used as primary residences in recreational campgrounds should be assessed and pay the applicable tax.

The renewed urgency around this issue stemmed from a decision taken late last year. In November 2003, MPAC moved to end the moratorium and began assessing

trailers on seasonal campgrounds. Residential units were not the target, but instead, any unit that encompassed the degree of permanency of its physical structure based on criteria presented by MPAC.

As part of that decision, the McGuinty government recognized the unfairness of retroactively assessing trailers and prevented MPAC from being able to reach back to the two prior years. We commend the government for this decision.

However, the action taken by the province and the sheer size of MPAC's job—assessing thousands of trailers across the province in a short time—has led to issues that need to be addressed to avoid permanent damage to the campground industry.

Complete protection against retroactivity is what we are seeking. Some tourist operations are under threat of bankruptcy due to burdensome tax bills representing other people's property.

Our parks, largely frequented by young families and seniors because of their economical advantage, are being faced with tax bills for a season that has come and gone; a season when our campers were not aware that they were staying in an assessable unit, not given a choice to sell or trade out of an assessable unit, and not given the opportunity to budget for the expense if they chose to stay in that unit.

While well-meaning, the government's actions in October have created unintended consequences that are a serious threat to our members. We now face a situation where beside paying our own taxes, we are being issued additional tax bills for 2003, forcing campground owners to pay taxes that are not their own, while having little or no recourse to collect from the campers who were present back in 2003.

The first bills, issued in November, represent—and this is important—only a fraction of those to be issued for the year 2003. Only 363 private campgrounds have been assessed; 90 of those have received assessments and bills based only on estimates. Seven hundred-plus privately owned campgrounds still must be assessed, and MPAC is reeling from the reconsiderations and appeals from the original 363. MPAC advises us, OPCA, that they hope to be able to issue all of the remaining omitted assessments for 2003 by the end of 2004. We are aware that because they haven't yet begun to look at the reconsiderations and the sheer number of work hours required to complete it, it could quite conceivably be 2005. In the meantime it is causing migration of campers from park to park trying to avoid the tax.

The other major issue is that these taxes are not being levied against government-run campgrounds, leaving private campground owners at a competitive disadvantage, in essence making government-run campgrounds property-tax-free zones.

As an industry, we are faced with a trailer that is deemed assessable being taxed when situated on our private land, but when that very same unit is situated on land owned by the government, it's exempt from tax. It's exempt when it's on the government municipal and

conservation area campgrounds, but on private land it's taxed.

We do see a solution to this. The solution is amending the system for fairness and equity.

Such a system would encompass the following—and we hope that you agree. It would:

Reword regulation 390/03, which was passed in October, to ensure that retroactive assessments could not be issued. Even one year is damning. Allow the system to begin when it can be applied fairly, uniformly and with advance warning so that everyone knows the criteria, they know what's going to be assessable, and they can budget accordingly.

Campground owners would continue to pay the taxes on the assessed value of their campground properties.

All trailers would be assessed to determine eligibility for property tax and the subsequent tax bills forwarded directly to the trailer owners.

Private campgrounds would no longer be at a competitive disadvantage to government-run campgrounds. They would be going directly to the trailer owner.

Municipalities would continue to receive all property tax revenues from private campgrounds and would additionally receive revenues from trailer owners staying in government-run campgrounds. Under the current method, the municipalities are losing this revenue.

We understand that because of the limitations within the Assessment Act, the assessment model may not be able to host such fairness and equity as described above. But we have committed to the government, our industry partners, and our thousands of campers that if equity could not be found within the assessment model, OPCA will put forth every effort into initiating a system—such as a sticker fee on trailers—which would encompass all of the above without jeopardizing municipal revenue.

That's our presentation. We would like to thank the committee for allowing us the opportunity to bring forward our concerns. We are anxious to work with the provincial government and other interested parties on this issue and to discuss our proposal for building a workable property taxation system for private campgrounds in Ontario.

The Chair: Thank you very much. We have two minutes per party and we'll begin this round with the government.

Mr Wilkinson: Thank you so much for coming. Of course, we had Gary here last week and we were looking at that proposal we referred to as Sherston Shores. I'm so glad that we actually took the time to give ourselves an opportunity to allow you and ourselves to look into this issue further, because there had been a move to try to pre-empt this whole system. So we appreciate the fact that you've come.

Basically the model is that you think we should be able to rework the system so that there's fairness right across for everyone. But if it takes us some time to get the acts amended, we could have a trailer sticker system, again, which would take the government quite some time to try to figure out. Could you be more specific for us to

help us out when you say, "We understand that because of the limitations within the Assessment Act, the assessment model may not be able to host such fairness" right away? What specifically do we need to do to the act to get that fixed?

Ms Cline: Right now one of the major problems that we have—well, there are two of them that I highlight and I'll just let you know again. One of them is that an identical assessable unit on private property is taxable. It's deemed to be part of the land it sits on, so it comes under the campground owners' roll number. That identical unit on municipal property is deemed to be part of the land it sits on, is assessed and exempt from tax. It leaves that person camping in a tax-free zone, whereas when they're in the private sector—that's one issue. I know that limitation exists to separate those parcels of land and to allow the resident or the camper to be addressed directly in the existing system. That's one of the major ones. I guess the other one is the liability issue. Again, both would be addressed if we could separate those parcels of land, but the Assessment Act limits the ability to do that.

1430

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much, Melissa. It's good to see you again. We did meet on this earlier at Goreski's Marina in my wonderful riding of Durham. Since then, as John has said, we've had presentations from Sherston Shores, who I believe made a significant contribution to trying to solve the problem.

First, on the retroactivity issue, a huge issue—I'm not sure, but I have every confidence that Mr Colle is listening, although he doesn't look like it at the moment—we tried, at some risk, in Niagara Falls to bring this debate a little further ahead to request the minister to put a moratorium on it and get back to the committee before the budget. That resolution didn't pass, but I think there was very valid discussion, and I do believe there are staff here—actually Mr Colle has staff that sort of follow us around, and I'm sure he spoke directly with Mr Sorbara—with non-partisan motives.

This, for people, is their highest, most important form of recreation, and they are in agreement with the solution your industry is bringing forward. I think the government will do the right thing, and expeditiously, because right now, retroactivity—some of them have moved. How do they get them? They're stuck. It could cause a problem for people who need to have vacations.

I think you could do the right thing. It's not even political. You'll win on it, and that's good. You won't win the next election, but that's another issue. I'm only kidding.

I commend you for coming forward to bring clarity to a very complicated topic. We all know there's been a moratorium for 10 years. My question to you is, how soon do you want the Minister of Finance to respond?

Ms Cline: We need the Minister of Finance to respond as quickly as possible. Our season is ready to begin to open again. We believe the spirit of the Beau-

bien report, if you look at the Beaubien report, spoke against retroactivity, and it has put businesses in an excruciatingly difficult position to pay these \$40,000 and \$80,000 tax bills with no revenue to pay those bills.

The Chair: We'll move to Mr Prue, of the NDP.

Mr Michael Prue (Beaches-East York): I think your points today and the points made in Niagara Falls by Sherston Shores are right on point. The only question I have relates to how the sticker system would work. Do you foresee this sticker being sold through the licensing bureaus or by the campgrounds? How would one get a sticker? And I have to tell you that I don't want to create a new bureaucracy.

Ms Cline: Yes, that's right. I do know there are different models out there. The campgrounds would be willing to participate to any degree to get in place a sticker system that provides equity. That would definitely be workable. If the government felt the Ministry of Transportation was the best method to go, we could support that. If you need the support of the campground owners to enforce that, that would be supported by our association as well. That point, I do believe, would need to be agreed upon, but we are extremely lenient on that. We need the sticker fee to happen.

Mr Prue: Also, how do you see the sticker fee happening? Would someone buy a season sticker, or could someone just buy it for a few weeks if they're only going for a few weeks? How do you envisage that happening?

Ms Cline: I think it would be an annual sticker fee. If you're asking how we'd do it in campgrounds, most seasonals sign an agreement. It would be worked into the fee at the time. Then the campground could submit those funds to the municipality, if that's the route you went. If it was the MTO, then it would be done annually as well. I see it as an annual sticker.

The Chair: Thank you for your presentation.

CANADIAN HEARING SOCIETY

The Chair: I call the Canadian Hearing Society to come forward, please.

Ms Kelly Duffin: I'm Kelly Duffin, with the Canadian Hearing Society. We're just going to take a few minutes to set up our accommodation for interpreting and captioning.

The Chair: Good afternoon. You have 30 minutes for your presentation this afternoon. I would ask that you identify yourself for Hansard. You may begin.

Ms Duffin (Interpretation): Thank you very much, Mr Chair. I'd like to thank you for inviting the Canadian Hearing Society to present before this distinguished committee. My name is Kelly Duffin. I'm the president and CEO of the Canadian Hearing Society. CHS is a 64-year-old non-profit organization that provides services to deaf, deafened and hard-of-hearing people in 28 offices across the province.

1440

Before I proceed, I just want to make sure that everyone in the audience can either hear me, see the interpreters, or read the captioning. OK.

We come before you today on behalf of nearly one million Ontarians with some degree of hearing loss. We come also with the endorsement of their consumer organizations; that is, the Ontario Association of the Deaf, represented today by their board president, Dean Walker; the Canadian Hard of Hearing Association, represented today by their president, Robert Alexander; as well as the Learning to Listen Foundation, Voice for Hearing Impaired Children, and other associations who serve people with a hearing loss.

We have two main agenda items today, and you'll be hearing from three people besides me.

One of our agenda items relates to the possible closing of our Timmins office if funding is not extended beyond March 31. Presenting on that subject will be one of our deaf consumers from Timmins, Tami Lapointe.

Secondly, we will provide you with some background regarding government subsidies for hearing aids. We have had thousands of calls from consumers with hearing loss since it was reported on January 9 that Premier McGuinty was considering cuts to these subsidies, and it has caused great concern among our constituents. Addressing that issue will be Gary Malkowski, whom many of you know as the former MPP for York East and who is currently our vice-president of consumer, government and corporate relations, and Rhonda Tepper, who is a deaf teacher of deaf and hard of hearing children as well as the mother of a hard-of-hearing child. Rhonda is using the captioning right now, but will join us at the time that she presents.

Before we get to the agenda, though, we wanted to give you some small sense of what hearing loss means in people's lives. I believe we have distributed ear plugs, and I'd ask you to take a moment to put them in. What you do is sort of squish them up, and I'd ask you to make sure—ask your neighbour to have a look that they are in your ear up to the orange line, so that you can't see the orange line.

You're fast. When they are in, I'm going to ask you to also cover your ears, and I'm going to give you some instructions. Is everyone ready?

"You must begin this medication [Inaudible], pram-nodel, three times a day with food. Take that before [inaudible]. The hexamin you'll take once every [inaudible]. I want to monitor your blood pressure [inaudible]. If it's 140 over 90, I want you to make another appointment to see me. After three weeks we'll re-run the tests and re-evaluate your condition."

OK, take your hearing plugs out. Now, did many of you have difficulty understanding me?

Interjection: Not one word.

Ms Duffin: Not one word? I want to be clear that that's not an overdramatization. I was pretending I was a doctor giving you some information about your condition and some medications that I wanted you to take. I asked you to take pram-nodel and hexamin. Did you understand that or how long you were to take each, or about monitoring your blood pressure? A little bit?

Interjections: Nothing.

Ms Duffin: And did you know what was likely to happen to you next?

Ms Churley: Half of it. That's what was scary.

Ms Duffin: Well, for most people with a hearing loss, this is a daily reality. Being in a stressful situation such as a medical appointment increases their isolation and frustration, and in the example that we just went through could have serious medical implications as well. What you experienced was the equivalent of a moderate hearing loss. Many deaf, deafened or hard-of-hearing Ontarians have a severe to a profound loss, so you can imagine the additional challenges. These people need your support and our services to have full access to society.

We have been tremendously encouraged by this government's expressed commitment to enhancing the Ontarians with Disabilities Act, or the ODA, and have sent our congratulations to Minister Bountrogianni and Premier McGuinty. We have found the consultations already underway to be most welcome and productive.

We were also very encouraged by Premier McGuinty's prior commitment to our consumers, and hoped this election would be very good news for Ontario's hard-of-hearing citizens. Just three years ago, our Ottawa office received support from then-MPP McGuinty as we tried to have OHIP continue to cover the cost of audiology testing and hearing aid evaluation. I'm going to read you an excerpt from then-MPP McGuinty's letter of support. He wrote,

"Sadly, the current provincial government has launched an all-out attack on some of our most vulnerable citizens: the poor, the sick, the disabled, the very young and the elderly. This is totally unacceptable.

"Audiology services are vital to the health and well-being of so many Ontarians, children and seniors alike. I recognize that hearing aids are absolutely essential to the future success of our hearing-impaired children. Without affordable access to the services required for these aids, their learning skills, self-reliance, and speech/language development, among others, will be seriously jeopardized. All our children—including those with special needs—deserve every possible opportunity for success. My team and I will do our utmost to ensure they get each and every one of those opportunities. We are also very concerned that there is more delisting to come. Rest assured, however, that we will continue to fight the Tories on this."

We have also been most encouraged by this government's commitment to education and health care, because hearing loss is a health issue. The Canadian Hearing Society, and indeed many organizations in the social services, are fundamental to public health. For that reason, we hope that your platform bodes well for our sector. It is a sector as vital to our province as any other, and in real terms its support and funding have been eroding for many years now. Let me demonstrate the impact of that erosion on the social service sector.

In 1996, cuts of \$19 million in government funding resulted in the closure of 33 agencies and the elimination

of 313 programs across the 629 non-profit organizations surveyed in a Metro Toronto study. Over the last eight years, provincial funding for administrative and core-cost expenditures has increased by, at most, 1%. Most government grant programs have provided no administrative increases for the last five years. With inflation, this represents an effective loss of at least 15% in agency operating expenses throughout the sector. Reporting requirements have, perhaps rightly, increased at the same time, but with no funding to cover the increased paperwork and required financial management, the result has been a further strain on the system. These human resource and financial constraints reduce the capacity of organizations to service consumer needs and will invariably lead to more program closures. Our communities will be the poorer for it.

To give you a bit of a case study now, I'm going to invite Tami Lapointe to speak about our Timmins office, the value it provides the community and the current crisis in its funding.

1450

Ms Tami Lapointe (Interpretation): Good afternoon. My name is Tami Lapointe. I am one of about 40 deaf consumers who live in the Timmins area and I use the services of the Canadian Hearing Society. This number, though, does not include the large number of hard-of-hearing individuals who reside in Timmins and receive services from the Canadian Hearing Society. Hearing loss is higher in Timmins because of the main industries and employers being mining and forestry. I felt it important for me to come here today and express to you my fear and concerns about the possible closure of the Timmins CHS office.

The Ministry of Health has provided one-time funding from July 2003 to March 2004. However, Timmins CHS opened an office twice before this and had to close because the Ministry of Health has not provided long-term or permanent funding. All major cities in the north have Ministry of Health funding for such programs. Why not Timmins?

Now the deaf, deafened, hard-of-hearing and deaf-blind are able to receive such services as access to interpreting services, meaning American Sign Language or LSQ, either in person or through video conferencing; counselling through staff who are ASL-proficient; advocacy with agencies such as ODSP, HRDC, hospitals, government offices, the police and WSIB; monthly support and information meetings to learn about fire protection, financial information, fishing and hunting licences, legal, gardening, first aid and CPR, assistance and access to devices for safety and access to TTYs; and special assistance for deaf children who return to Timmins during holidays and need programs such as deaf day camps.

Many of the deaf people who live in Timmins have a lower level of literacy and require help on a regular basis for day-to-day things such as reading and understanding letters, forms, applications etc.

With these services, the deaf community also have privacy, because they no longer rely on family or friends

but have professional service from the Canadian Hearing Society to assist them. Also, the Timmins office has been able to offer screening in the schools and help identify children who may have some hearing loss. Detecting this early is crucial. Seniors who require assistance with devices to keep them safe or communication tips to keep them living independently have been offered assistance by the Canadian Hearing Society. Without this support, individuals who suffer hearing loss often isolate themselves and lose their quality of life.

American Sign Language classes are being offered to the public of Timmins. This is important for employers, co-workers, family, teachers and friends of those who are deaf to communicate effectively.

Employers and businesses have come to rely on the services of CHS in order to better understand their deaf and hard-of-hearing employees. When a crisis occurs, CHS is there to assist the employer and advocate for employee.

As of March 31, none of these services will be available in Timmins. Timmins will have no agency providing services to the deaf, deafened and hard-of-hearing people. If this happens again, the consumers, employers and public will lose confidence and trust in this organization and in our government and the Ministry of Health.

Thank you for your time and interest in listening today.

I am now hoping that you understand why it is so very important to keep the Timmins CHS open. Thank you.

Ms Duffin: As Tami has outlined, some of our funding is under threat, in a sector already chronically underfunded. Now our consumers face an additional threat. As I mentioned, our offices have received thousands of calls since January 9, when it was reported that Premier McGuinty was looking at reducing subsidies for hearing aids.

Hearing aids are an expensive proposition. Here are some of the most common hearing aids. They are small but they're not cheap. The average price is \$2,000 and most people, including children, wear two of them. I will quantify other associated costs shortly, but it's important to note that even the current ADP support provides \$500 per aid every three years. Clearly, that leaves a lot of expenses to be paid by the individual, but equally clearly, that subsidy makes the difference for many people as to whether their hearing aids are affordable or not.

I will now turn it over to Gary Malkowski, our VP of consumer, government and corporate relations, to outline our primary concerns.

Mr Gary Malkowski (Interpretation): Mr Chair, I'm here to talk about the potential unnecessary barriers facing deaf, deafened and hard-of-hearing consumers and the double hit for consumers.

Back in 2001, the government delisted audiological services from OHIP coverage, forcing people with hearing loss to pay for these tests themselves. This places a burden of from \$75 to \$120 on consumers each time they need their hearing tested. Now the government is

considering adding another financial burden to these same people. By removing the assistance provided by the Ministry of Health's assistive devices program, people would have to pay an additional \$500 per hearing aid.

Many of these people are among the most vulnerable members of our society, namely seniors and children. For seniors over the age of 65 the incidence of hearing loss is 50%. Children who are growing and developing often need to replace their hearing aids more frequently to take advantage of the education system and all the other things that life has to offer.

The Ontarians with Disabilities Act: We're delighted that the McGuinty government has been so clear about its commitment to a strong and effective Ontarians with Disabilities Act. That commitment, however, would be seriously undermined should the government cut support to hearing aids, a fundamental tool to breaking down barriers in communication for deaf, deafened, and hard-of-hearing people. In essence, the government would cause the creation of a new barrier for people with disabilities.

The infant hearing program: Again, CHS is pleased that the government is in step with the global trend of many countries to provide universal infant hearing screenings. The Ministry of Health program recognizes the importance of the early identification and early intervention in the success and development of children with hearing loss. How could the government then abandon these families once their newborns are identified with hearing loss?

We urge the committee to ensure that the upcoming budget does not add to the burden of deaf, deafened and hard-of-hearing people. Withdrawing government support for such an important device as hearing aids will really create tremendous hardship to a great many people.

Now I would like to introduce you to Rhonda Tepper, who is a deaf mother and has a daughter who is hard of hearing and has a progressive hearing loss. She's here to speak about about her personal experience.

1500

Ms Rhonda Tepper: Good afternoon. My name is Rhonda Tepper, and I'm here to speak about the importance of the assistive devices program subsidy as a parent, as a teacher of the deaf, and as a consumer.

I have been hard of hearing since childhood and profoundly deaf since early adulthood. Since the age of diagnosis, I have been reliant on high-power hearing aids in order to succeed in a mainstream educational setting and as a graduate of three universities. I was raised by a deaf mother who did not have the privilege of completing high school due to a lack of services and accommodations for deaf persons in the 1940s. A well-read, academically motivated woman with an outstanding respect for literacy and higher education, she was denied the accessibility that we continue to advocate for today. As a result, both my brother and myself were gently pushed through mainstream academia, both of us becoming teachers.

Both of us also have hard-of-hearing children. My 13-year-old daughter was diagnosed with a progressive hear-

ing loss at the age of three and has worn since that time state-of-the-art technology. This includes hearing aids, a personal FM system for use at her school, and a Teletype device for telephone use at home. In one year, the purchase of hearing aids, a compatible FM system, ear moulds and batteries will cost us upwards of \$4,000. The cost of updating equipment for her and for myself every three to four years runs into the \$10,000 to \$15,000 range before the subsidy. We have always been grateful for the information from our audiologist and hearing aid technicians regarding the financial assisting of the ADP funding.

Life presents many ups and downs in a typical family. These ups and downs can often affect our financial status at any given time. As an educator with the Toronto District School Board, I teach 11 students who are deaf or hard of hearing, more than half of whom come from English-as-a-second-language homes, meaning the reception of the English language ends at 3:30 every day. Most of them are from modest-income homes. It is questionable whether they would be wearing hearing aids to school every day if there was no ADP funding available to assist their parents in financing this equipment.

Due to previous funding cuts, most of my students are already missing out on what should be annual or semi-annual audiological assessments—hearing tests—to determine the progression of their hearing loss. There are crucial extraneous costs that exist for batteries, repairs, and ear moulds, which must be replaced annually because the ears of the students continue to grow. Of course, there is also the balance of the cost of hearing aids which is unfunded by the ADP. I know for a fact that many of my students would not own a Teletype device if there were no subsidy. The subsidy is the key to accessibility for deaf or hard-of-hearing persons, be they students or the elderly, to remain active, involved and productive in mainstream society.

Finally, as an educator with a background in English literature, I must mention the supreme importance and connection between accessibility for the deaf and the development of literacy. My late friend Peter Gzowski would not forgive me if I did not mention this, as he was one of our country's foremost advocates of literacy. There is a direct correlation between the development of language and the ability or the sheer desire to read and write. Hearing loss often affects the development of language in young children, depending on the age at which they are diagnosed. Hearing members of society take for granted the sounds around them and, even more so, the accumulation of words. For deaf students, access to hearing words must come before the ability to read and then mould them into phrases, sentences, paragraphs and stories. Without accessibility to hearing the best they can—which should be a human right, as I see it—deaf students would be denied the language they need to grow, to understand, to absorb great stories, but mostly to contribute to their society and to our world. Thank you.

Ms Duffin: The financial hardship that Rhonda has described would be dramatically worsened for thousands

of people across the province if hearing aid subsidies were reduced. I wanted to quantify that for you and demonstrate the ongoing erosion of support that has already occurred for Ontarians with hearing loss.

This chart shows the costs associated with hearing aids. Until three years ago, the Ontario government did subsidize hearing tests. Since 2001, deaf and hard-of-hearing individuals have had to pay for their own hearing tests. In the third scenario, if the ADP were eliminated, there would be a 24% increase in what consumers themselves have to bear as the cost. As Rhonda pointed out, that's \$7,000 to \$8,000 per individual every three years. I know I couldn't afford that.

At the same time as we are concerned for the welfare of our disabled consumers, we are also respectful of the government's desire and need to cut costs. On that basis, we're worried that saving money in hearing aid subsidies would actually result in increased costs in other parts of the system. For instance, if only 1% of Ontario's seniors who currently wear hearing aids couldn't afford them, they could stand to lose their independence and their ability to live in their own homes. If those 1% went into long-term-care facilities at an average cost of \$20,000 a year, that cost would offset all gains made by eliminating the ADP funding. That's the starting point. If 2% of them went into long-term care, the cost would double what is currently spent in ADP funding. If 5% went into long-term care, and when you factor in the social assistance for working-age deaf and hard-of-hearing individuals and the additional educational supports that would be required for school-age children, the losses far outweigh the gains.

Respecting your drive to cut costs in the budget, we do believe there is a systemic approach, a cradle-to-grave delivery system for hearing health care that could help identify savings. We at CHS and our colleagues would be more than willing to work with you in developing a cost-effective and systemic approach.

In the meantime, we sincerely hope Premier McGuinty will stand by his 2001 commitment not to further challenge already vulnerable Ontario citizens. Hearing aids may be small in size, but their role in people's lives is huge. Communication is key to our ability to function at school and at work, to have relationships with friends and family, and to fully participate as citizens in this province. For those who need them, hearing aids are the farthest thing from a luxury or a frill or an option. We are joined by the Ontario Association of the Deaf, the Canadian Hard of Hearing Association, the Learning to Listen Foundation, Voice for Hearing Impaired Children and a dozen other colleagues in urging you not to make access to hearing aids more difficult and more expensive than it already is.

Our sincere thanks for your time and attention.

The Chair: Thank you very much for your presentation. We only have time for a question from one of the parties, and in this rotation it will go to the government. You have about three minutes.

Mr Colle: Thank you. Perhaps you could just clarify the last point you made about the potential for some sav-

ings if you approach this thing in a more comprehensive way, from the cradle onwards. Can you explain that to the committee, if possible?

1510

Ms Duffin: We do believe there may be some waste in the system, partly as a result of the audiology delisting. Audiologists and dispensers have had a very difficult environment to work in. What that has meant is that consumers have less access to hearing aids, but it has also meant that audiologists have less time for things like counselling around the best hearing aid, about realistic expectations for hearing aids, and for programming and technical support. That means that sometimes people buy a hearing aid—you may even know people like this—and it ends up in a drawer. A lot of people's parents and grandparents have had that experience. So we believe that in some cases the right prescriptions are not being made.

To be more specific, we would have to work with our other colleagues in this sector. We only serve parts of this function. There are speech-language pathologists, dispensers, hearing instrument practitioners and manufacturers. If we came to a holistic, systemic approach, we believe there would be some savings.

The Chair: Thank you for your presentation.

Mr Barrett: On a point of order, Mr Chair: I wish to serve notice of a motion with respect to this issue, and, further to that—

The Chair: Would you mind waiting until we have heard from all the deputants this afternoon for your point of order?

Mr O'Toole: Point of order, Mr Chair. There is no—

The Chair: He can put a point of order, but his point of order cannot be a motion.

Mr Barrett: I'll just put forward a notice of motion, then. I had misunderstood. I thought I had to do it as a point of order. It's important, as it relates to this group, to do it before you dismiss these people at the witness table.

The Chair: We've noted your request, Mr Barrett.

Mr Barrett: The motion would be—

The Chair: That we would do it after the presentations.

Mr Barrett: After this presentation?

The Chair: After the presentations, this afternoon's presentations.

Mr Barrett: All of the presentations?

The Chair: This presentation is over now. So at the end of the day, you can put your position.

Mr O'Toole: On a point of order, Mr Chair: This is with respect to a motion that was moved—

The Chair: You cannot have a point of order that is a motion. We can hear your concern at the end of the day.

Mr Barrett: I withdraw that point of order.

The Chair: I would ask the Ontario Federation of Agriculture to come—

Ms Churley: On a quick point of order, Mr Chair: Mr Malkowski is from my riding. For that reason and others, I want to thank him and the entire team for an absolutely

fabulous presentation this afternoon. Thank you very much.

The Chair: That is not a point of order.

You have a point of order, Mr O'Toole?

Mr O'Toole: Mr Chair, The Liberal caucus moved a motion with respect to procedures in committee. There's nothing in this that would pre-decide whether or not we could make a motion during routine proceedings. It does limit, however, the amount of time that's allocated. It doesn't say when. Mr Barrett was not there at that meeting in Windsor, so would not have known that this—

The Chair: I've already ruled on Mr Barrett's request, and we'll entertain it at the end of the day.

Mr O'Toole: The Chair doesn't really have any say.

Mr Colle: He's challenging the Chair.

Mr O'Toole: I'm not. I am clarifying the position. Mr Clerk, I would ask that you interpret for us the motion that we adopted in Windsor on Thursday last week. I have it in front of me and I think that the decisions—

Mr Colle: He's challenging the Chair.

Mr O'Toole: No, I'm asking for clarification.

The Chair: That's fine, Mr O'Toole. We'll take in your request. I will read Mr Colle's motion so that all will understand.

Interjections.

The Chair: Order, please. This is Mr Colle's motion carried on January 29, 2004:

Mr Colle moved that in order to ensure that all scheduled presenters are treated with respect and dealt with without delay during the committee's public hearings on pre-budget consultation, the committee adopt the following procedures:

That notice be provided of any proposed motions that would refer to issues that would normally be included in the committee's report-writing stage;

That the time limit for providing notice of a proposed motion be up to two minutes;

That upon notice being given of such a proposed motion, each party will be allowed up to two minutes to respond to the proposed motion;

That following any responses, the committee postpone further consideration of the proposed motion until the committee commences its report writing; and

That adoption of the above notice procedure would not limit in any way the right of committee members to move any proposed motion during the committee report-writing stage.

Mr O'Toole: I don't like to delay the proceedings.

The Chair: You are, though.

Mr O'Toole: No. It's important that we know and follow the rules. This motion does not—

Mr Colle: On a point of order, Mr Chair: This is out of order.

Mr O'Toole: It is not; we're clarifying. What I understand—

The Chair: Mr O'Toole, I have ruled on Mr Barrett's request.

Mr O'Toole: —is that I could move a motion now and there would be two minutes for each caucus to

respond and there would be no vote taken. That's the way it reads.

The Chair: We will hear Mr Barrett's request at the end of the day. Is there any other comment on the notice of motion? Hearing none—

Mr John R. Baird (Nepean-Carleton): What is the motion?

The Chair: Mr Barrett asked that his motion be heard. I said we would hear it at the end of the day.

Mr Baird: Can you tell us what the motion is so that I can be prepared when it is discussed later?

The Chair: No. He's given notice of.

ONTARIO FEDERATION OF AGRICULTURE

The Chair: I call on the Ontario Federation of Agriculture to come forward. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to identify yourselves for the purposes of Hansard.

Mr Ron Bonnett: I'm Ron Bonnett, president of the Ontario Federation of Agriculture.

Mr Ted Cowan: Ted Cowan, also with the Ontario Federation of Agriculture.

Mr Bonnett: Good afternoon to all of you. I'd like to thank you for giving us this time to make this brief to the pre-budget committee. Before we get into the document before you, I would like to take a few minutes of the 20 minutes allotted to discuss a very important consideration for all of you.

The Ontario Federation of Agriculture views the members of this committee as political representatives of constituents—some rural constituents, some urban constituents, all of whom eat, and the handful who actually grow the food and fibre required. There is no need to expand on the importance of that handful of farmers to the health, environment and general well-being of the citizens of Ontario. I want to talk to you about the health, environment and general well-being of that handful of farmers working on your behalf and on behalf of your constituents right now.

The OFA is the largest collective group of farmers in Canada. That's right: We're the largest bunch of farmers in Canada, and we're right here in Ontario. As you know, I am a farmer, but I'm also a farm politician. I have been a farm leader here in Ontario and have been working with farmers and their organizations for almost 20 years. As a politician, I have a duty to speak on behalf of my constituents, the farmers in Ontario.

One of the normal features of the farm constituency is their optimism and their confidence in the future—confidence to plant a new crop, confidence that the weather will co-operate, and farmers also have confidence that the public and elected officials will acknowledge their contributions in good times and support them in difficult times. That confidence is being eroded.

The current state of Ontario agriculture is very different this year than it was last year. Costs and demands

placed upon farmers are increasing. There are increased regulations and management systems to comply with that cost money and time. Small farm operations are facing tremendous pressure to expand due to poor margins. Consumers are insisting on low prices and high quality, but farmers ultimately bear that burden.

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These problems are enough, but farmers across Ontario have over the past year found themselves in dire situations due to BSE, or mad cow disease, the high Canadian dollar and the general disregard for and inattention to, by elected officials and consumers alike, the hard work farmers have put into nutrient management plans and legislation, environmental farm plans, pesticide certification, food safety programs and other best-management systems developed to ensure the health of their families, their neighbours and the environment.

All of this work benefits all of society, and, so far, farmers have been expected to bear the burden of the costs. They have not received the assurances and demonstrated efforts by the past three governments to allow them to plan for the future and protect their farms and their families from unfortunate and business-breaking incidents beyond their control, like BSE, the weather or the galloping dollar.

In my years working with Ontario and Canadian farmers, I have never seen such a high level of frustration and anger among farmers as I see now. Our service and advocacy work on behalf of individual farmers and their families at OFA has increased tremendously since this time last year. Our offices are getting many calls from desperate farm families. We have actually received letters from farmers who say they can't afford to pay the \$160 registration because they need that money to buy groceries for their families.

Farmers who are trying to make a little extra money by harvesting maple syrup on their farms are faced with industrial property tax assessments that could end up costing them more than the bottles of maple syrup sold for in the first place. And it's not only maple syrup. Chicken hatcheries, apple storage and grain operations are also threatened by high taxes.

The very farmers who proposed the Nutrient Management Act as an environmental and efficient contribution to Ontario's environment and economy still have no hard and fast assurances that payment for capital costs and enforcement of the regulations will be fair, even though all parties have promised support.

Farmers have watched government initiatives designed to improve wildlife habitat result in increasing losses to crops and livestock with little or no compensation.

Farmers who were assured a capped rate for electricity costs, whether they agreed with it or not, used that assurance to sign long-term contracts for their products. Now the cost of production will increase and the farmer suffers the loss.

All of these factors contribute to the undermining of farmers' confidence. These issues must be recognized and addressed by the Ontario Legislature. Each and every

one of you sitting here has an opportunity to signal to the farm community that real and decisive action is being taken on their behalf. You can be assured that a small effort on your part will go a long way to restoring farmers' confidence. You will do this not only to protect the farmers and their farms, but their families and their communities and the high-quality goods they produce for everyone and, more importantly, their contribution to the Ontario economy.

It would be useful if you would keep in mind that 650,000 Ontario jobs exist because of the work of the Ontario farmer.

The document in front of you contains many proposals. Some of you may be familiar with some of them. Some of them have been around throughout the governments of all three major political parties in Ontario.

I will draw your attention to the immediate issues that can be addressed to reduce farmer frustration. The following are changes that have no or very low costs to the province.

Administrative measures: Define "farm" and "farming operation." The OFA asks that an agreed-upon definition of farming for assessment purposes be developed on an urgent basis. The Municipal Property Assessment Corp now assesses farming operations such as maple syrup operations and grain dryers as industrial facilities. The subsequent property taxes for these farm assets can rise four to 10 times. Chick hatcheries have been wrongly assessed as industrial, and some municipalities suggest that pork and poultry barns and fruit and vegetable washing and packing houses should also be classed as industrial.

This abuses the definition of farming. The president of the Municipal Property Assessment Corp stated in a letter to the OFA that they would participate in an effort to define farming for assessment purposes. The OFA strongly endorses such an effort be undertaken. In addition, the OFA asks that there be no further such reclassifications for such value-added farm facilities and that the changes of the last six months be reversed.

Retail sales tax measures: Membership cards issued in conjunction with the farm business registration process should be recognized as proof of being a farmer for purposes of the purchase exemption for farm use purchases. This would simplify the process for farmers, retailers and government auditors. The government's small business advisory committee has spoken positively on this suggestion, and simplification was promised in the 2000 and 2003 budgets, but action has not yet followed.

OFA continues to recommend that retail sales tax rules be modified so that all items which are tax-free for farmers in the harmonized provinces are also RST-free for farmers in Ontario.

The federation seeks changes to the land transfer tax to ease young farmers' entrance to farming. Farms sold in a family must be exempt from land transfer tax. These transfers occur when a new generation takes over the farm. Tax is paid by the buyer. This is a tax on start-up farmers and is inequitable compared to the transfer of

farmland to a corporation. The proposed change had been adopted by the Ontario government and noted in the 2003 budget. It has not yet been implemented.

The other thing we'd like you to do is help lobby in Ottawa.

Under BSE, cattle producers who had to sell large parts of their herds at reduced prices cannot purchase replacement animals. Without these replacement animals, many will face high income tax. Foreseeing this burden, we ask you to petition the federal government to extend the prescribed drought regions deferral program to livestock producers affected by BSE.

The Ontario Federation of Agriculture, along with the Ontario Cattlemen's Association, has asked the federal government that the program be extended to allow all Canadian farmers with at least a 15% reduction in their total ruminant livestock numbers, including feeder stock, the option to defer part of their livestock revenue for one year. This would allow producers one year to replenish their livestock inventory and will avoid the hardship of forcing farmers to buy animals now even though there is no market for them.

Capital cost allowance rates: We ask that you help lobby the federal government to be petitioned to have capital cost allowance rates for farm equipment and buildings reviewed. These rates have not been adjusted in over 10 years. They must reflect the economic life of those assets.

Restricted farm losses: Again, we ask that the federal government be petitioned so that the \$8,750 restricted farm losses provision is increased to reflect inflation since it was last changed. This restricted farm loss provision is essential to start-up farmers. Adjusted for dollars, the restricted losses provision should be \$12,800.

With respect to financial support, nutrient management: The farm community is represented on technical matters relating to nutrient management and has long understood that the phase-in of regulations would be tied to provincial funding support to assist with compliance. In the course of developing Bill 81, the Nutrient Management Act, all parties of the Legislature committed to providing financial support to farmers who incurred costs to meet the requirements of the act and its regulations.

Given the devastation wrought by BSE, Ontario's cattle, sheep and other livestock producers cannot afford any new capital outlay to meet the new regulations. Farm community support for nutrient management is wholly dependent on there being adequate funding. Without the promised support, nutrient management compliance costs will force thousands of farmers out of production.

The cost of support can be limited by phasing in regulations once it is known which measures would produce real benefits. This money must flow at least 18 months in advance of enforcement of the regulations in order to allow compliance time. As a first step, the federation proposes a move to a practical position where spending will only be required where it will produce a net improvement.

Under the agricultural policy framework: The Ontario federation and the commodity organizations supported

Ontario signing the agricultural policy framework. Much effort will be needed to ensure the orderly transition from NISA and other earlier programs to the new CAISP, along with an effective Ontario implementation of the other pillars.

Ontario's agreement to the terms of the agricultural policy framework provides wedge funding to extend market revenue insurance and self-directed risk management programs. These programs have two years to run. Programs will have to be developed to replace these and other farm support programs that will lapse in the coming two or three years.

Production insurance components of the policy framework remain completely ill-defined. Provision must be made to fully accommodate the needs of the livestock sector as well as grain and horticultural producers.

The environmental, food safety, research and renewal aspects of the APF remain inadequately defined. These four pillars will entail substantial private and public investment.

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It is imperative that Ontario commits to a planning effort to ensure that the components of the four pillars are well thought out and that they contribute positively to Ontario agriculture. We ask that you work with us and the farm commodity groups to develop effective plans for implementing useful programs in each area.

On BSE, the OFA asks all members of the Legislature to work together to develop a consistent program of funding assistance to assist in the development of new markets for Ontario's ruminant farmers.

In the area of research, in real terms, provincial and federal support for agricultural research in Ontario has fallen by over 30% in the past 10 years. It was this research that fuelled the 18%-per-year growth in productivity that has kept our industry competitive and at least partially able to keep pace with rising costs. Reduced research threatens our future.

Agricultural research is the most cost-effective support for agriculture as it directly affects the need for other support. Cuts to this research would be counterproductive and should be reversed. Provincial support to agricultural research at the University of Guelph and its colleges has been cut from over \$75 million to \$55 million at present. Had support kept pace with inflation, the total would now be over \$100 million.

We ask for the restoration of financial support to agricultural research to a level of at least \$90 million per year to provide for essential maintenance of facilities and replacement of laboratory and related equipment and allow agricultural research to return to its levels of effort of 10 years to 15 years ago.

I'd like to point out that most of the items we've talked about here can be accomplished with little cost. But as I have said, each and every one of you sitting here has an opportunity to signal to the farm community that real and decisive action is being taken on their behalf.

All members sitting here are working within and around a new mandate. All of you work hard to make

responsible decisions on behalf of the citizens of Ontario. In the past you have used your political imperatives when making decisions around farmers, and I understand that. I have political imperatives as well. But as elected officials, you also have another imperative: the oath you swore to uphold the interests and protect the people of Ontario.

I invite you to clearly understand the critical needs of Ontario's farmers, many of which have been elaborated here. I also invite you to communicate directly with the Federation of Agriculture to tell us what you, as an individual elected member of the Ontario Legislature, are planning to do to restore the confidence of Ontario's farmers.

The Chair: Thank you. We have about two minutes per caucus. We'll begin with the official opposition.

Mr Barrett: Thank you, Mr Chair. I thank the Ontario federation and all the members for that presentation. On this side, we certainly have discussed in the past the folly of the maple syrup farmer shipping sap, for example; or why would a corn farmer ship wet grain? He'd have corncribs. I can remember—these kinds of processes are a natural part of farming.

We are concerned about any threat to the retail sales tax exemption on agricultural products. I'm quite heartened to see that you are working aggressively on compensation for our cattle farmers—there's a summary here—and I know it's a very complex issue. It's important for us to know how much that compensation would come in at and, by the same token, how much we are looking at to compensate the tobacco farmers as well.

Just to wrap up, I don't have a question. Many of us here are familiar with your issues from previous missives that have been sent out. But further to that, I would ask for unanimous consent of the committee that, notwithstanding the motion that was passed on January 29, this committee express its full support for the Ontario Federation of Agriculture's presentation today on February 2. We do request the costing-out of your proposals. I ask that the question be put.

The Chair: Is there unanimous consent? There is unanimous consent.

Mr Barrett: Thank you.

Mr O'Toole: Recorded vote. Unanimous consent?

Mr Crozier: It's a little late. The vote already took place.

Mr Baird: If I could just jump in, you have real concern, ongoing concern, with BSE and the related issues. They are a real concern to us, and we'll take that back—

The Chair: Excuse me, Mr Baird. I was consulting with the clerk. Your caucus time has expired. We'll go to the NDP and Mr Prue.

Mr Prue: I'm a boy from the city, and I have to pretty blunt with you: I don't understand a lot of this. What concerns me is stuff around the Nutrient Management Act, pollution and what happened in Walkerton. There was a program some years ago called Clean Up Rural Beaches, which was subsequently scrapped. What can we

do to assist the farming community in terms of the environment and your making sure your land stays pristine and workable while at the same time not driving you out of business? That's what I need to hear.

Mr Bonnett: One comment I'd like to make at the start is that the unfortunate incident at Walkerton was not solely a result of agricultural practices. There were a number of things that were wrong there: the well location, process and procedures and everything else. I think what has to be recognized, though, is that in certain cases like Walkerton, there may be locations where wells shouldn't be, and that is not the responsibility of farmers. It's the responsibility of municipalities and inspection agents to make sure wells are located in proper areas.

There are things that farmers can do to improve environmental stewardship, and we have actually been working on a lot of those things. But one of the problems we have is that we can't pass those costs on to the consumers. There's no way to just put on at the grocery store the added cost of making those types of investments. Other jurisdictions in the States have programs that fund up to 70% or 90% of the overall cost, depending on the type of asset. Knowing that farmers can't recover those costs from what they're doing, they make sure they fund those activities, because they are in the public good.

I think one of things people maybe don't understand is that a lot of the initiatives that have been put in place over the last 10 years have actually moved the farm environmental agenda quite a piece ahead. Twenty-six thousand farmers have done individual environmental assessments on their farms and taken a look at the risks they pose and developed a plan as to how to deal with those. But once you develop that plan, you need some funding to implement it. I think that putting it all together, especially this year when you have people who can hardly afford to put food on their tables because they haven't sold anything since May—the thought of being threatened with some kind of regulatory regime without a compensation program to fund the capital improvements needed to meet it is going to create nothing but frustration.

The Chair: We move to the government and Mr Wilkinson.

Mr Wilkinson: Thanks, Ron. I was surprised, when I got to Queen's Park, how many people don't understand that agriculture and agribusiness is the second-largest industry in the whole province.

It has been a very difficult year, and I just want to focus. The first suggestions you made are things that government can do, and these are very important. I'm glad to hear you say that if we can look at these seriously and maybe deliver on them, we would go a long way to restoring confidence. But are you asking that the implementation of Bill 81 be put on hold, or are you saying it's OK to proceed if there is funding but you're asking for an exemption for ruminant farmers because of the nature of the BSE problem right now? I just want to be clear on that.

Mr Bonnett: Our position is that as regulations are supposed to come in, depending on the size of the farm,

there has to be funding in place to cover any investments the farmers have to make.

The other thing that has to be understood is that those investments sometimes have to be made 18 months in advance, because you've got building seasons to contend with. A lot of these types of investments that are going to be required to meet the new regulatory regime would be extremely expensive capital investments. That is why we're saying we have to start planning ahead, take a look at the types of investments that have to be made and really do an analysis if those investments are actually getting a net environmental gain—that's what the measuring stick should be. If there's a net environmental gain, then they should be putting money in place immediately so those people can start moving ahead and getting into compliance. We'd like to see that the funding is in place 18 months ahead of time.

The other thing we'd like you to consider is having a pool of money as well for those people who know there are problems on their operation that they want to address, things they assessed in their environmental farm plan. There would be a pool of money they could access to move ahead. Why would you hold someone over four or five years because there's no funding available, when they've recognized the situation and want to move ahead?

The Chair: Thank you for your presentation.

I want the committee to fully understand that what Mr Barrett put forward was a motion for unanimous consent that the question be put, and we had unanimous consent.

The question that now must be put is:

That this committee express its full support for the Ontario Federation of Agriculture's presentation of February 2, 2004, once it is costed out.

All in favour? Opposed? Carried.

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ONTARIO HOME BUILDERS' ASSOCIATION

The Chair: Would the Ontario Home Builders' Association please come forward. Good afternoon. You have 20 minutes for your presentation. You may allow some time for questions within that 20 minutes, if you desire. I would ask you to please identify yourselves for the purposes of Hansard. You may begin.

Mr Peter Saturno: My name is Peter Saturno. I'm president of the Ontario Home Builders' Association. I've also served as president of the Durham Region Home Builders' Association. I've been involved in residential construction for almost two decades, and I'm president of Midhaven Homes. Together with my father, Sam, we've built literally hundreds of homes for the past 16 years, primarily in the Durham region. Joining me is Daniel Gabriele, first vice-president of the Ontario Home Builders' Association. He's also a past president of the Hamilton-Halton Home Builders' Association, and he works with a well-respected company within the industry, Marz Homes.

I just want to emphasize that we are both volunteer members in this association, and in addition to our business and personal responsibilities we are dedicated to serving our industry. I'd like to ask Daniel to start and tell you a little about the Ontario Home Builders' Association.

Mr Daniel Gabriele: The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario. As a volunteer organization, OHBA represents about 3,500 member companies that are organized into 31 local associations across the province. Our membership is made up of all disciplines involved in the residential construction industry. Together we produce 80% of the province's new housing and renovate and maintain our existing housing stock.

Over the past several years, Ontario has generated tens of thousands of new jobs, and many of these new jobs were in residential construction. It's estimated that each housing start generates approximately 2.8 person years of employment. Therefore, with housing starts over 85,000, as we saw in 2003, Ontario's new housing industry directly provided over 238,000 person years of employment last year.

Ontario's housing market in 2003 was buoyant, active and healthy. Starts last year were up by 2% over 2002 and reached a 14-year high. Despite a series of economic shocks, including SARS, mad cow disease and the electricity blackout, the residential construction industry has persevered and remained a bright spot in the provincial economy. Low mortgage rates, increased immigration to the province and high consumer confidence all contributed to strong sales in 2003.

In a November 2003 survey of OHBA members, 80% expect new housing starts to increase or remain the same this year. OHBA is forecasting a very healthy 78,000 housing starts this year. Renovation spending is also on the rise, with about \$12 billion spent in this sector last year and forecasts of approximately \$13 billion in spending for 2004.

While most builders are very optimistic for 2004, they do have some concerns and listed the top five barriers to growth as follows: skilled labour shortages, increased material costs, shortages in the availability of land, development charges and over-regulation. In order to maintain Ontario's healthy residential construction industries, these barriers do need to be addressed.

Mr Saturno: The Ontario Home Builders' Association would appreciate your consideration with respect to the following: Excessive regulation and overtaxation on the new home building industry pushes the price of new homes higher and higher, which can put home ownership out of reach for many families. New housing in fact is the highest-taxed industry in Ontario after tobacco and alcohol.

The Urban Development Institute recently reviewed government charges on new residential construction in the greater Toronto area. The study found that total taxes, fees and charges paid by a homebuyer were up to 30% of the cost of a new home, equating to not less than \$44,000 for a home in each of the 905 areas.

The Greater Windsor Home Builders' Association undertook a similar review of taxes, fees and charges paid in the construction of a new home in Windsor and Essex county. It found that about 20% of the cost of a new home goes to these fees, equating to an average \$31,000 in charges on a \$155,000 home.

Development charges represent a substantial portion of these fees. Not only do these charges contribute significantly to the cost of housing in the province, but there are serious concerns that some municipalities may be manipulating the Development Charges Act calculations to increase revenue.

Currently, many municipalities are in the process of preparing new background studies to be used in setting new development charge rates. The Ontario Home Builders' Association is very concerned that in some instances, background studies have been prepared using very inconsistent and sometimes flawed methods of data projection, which has resulted in various municipalities implementing development charges that are artificially high.

As we begin another round of background studies and consultative reports to set new rates, the Ontario Home Builders' Association recommends that the government identify and correct abuses of development charges.

Mr Gabriele: OHBA supports government in developing a strategy and managing growth in ways that sustain a strong economy. Transportation links are extremely important in achieving balanced growth. It is critical that the government ensure efficient transportation links between neighbouring communities and that mass transit be reasonably priced.

The Ontario Home Builders' Association is in full support of government promises to allocate two cents per litre of the existing gas tax toward transportation infrastructure. While our members understand that the government has to make tough choices to wrestle down the \$5.6-billion deficit, we urge the government to move ahead with this promise as soon as possible. OHBA recommends that if the full two cents per litre of gas tax cannot be allocated this year in full, the gas tax be phased in over a period of time.

In the past year, Ontario has finally turned the corner in the production of private rental housing. Investors are returning to this market and private rental construction of new units is increasing.

Since the Tenant Protection Act was introduced in 1997, private rental starts have increased by 400%. In addition to this new supply, since the introduction of the Tenant Protection Act, landlords have invested a further \$1 billion per year on upgrading and maintaining existing rental properties. The culmination of this activity has resulted in over 30,000 jobs being created annually. Vacancies have increased significantly in urban centres across this province and in some cases are the highest they have been in decades, while providing consumers with unprecedented choice.

In addition to this, rental rates are also decreasing, thereby making rental housing more affordable for

tenants across our province. This is proof that the Tenant Protection Act is working. The proposal by the provincial government to repeal this act would have devastating consequences for the new rental construction industry and, most importantly, the availability and the affordability of an ongoing new housing rental stock.

OHBA further recommends the elimination or lowering of development charges on rental units to increase the economic viability of private rental construction. Government is encouraged to continue to review policies that may discourage private investment in this sector. For those who simply cannot afford housing, OHBA recommends that the province provide shelter allowances. The private sector is prepared to work with the government to provide high-quality rental housing for tenants across this province. Adequate shelter is a basic necessity for all Ontario citizens, and OHBA continues to support the provision of shelter allowances for those citizens who are truly in need.

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Mr Saturno: Pressure from the underground economy continues to plague our industry, particularly in the renovation sector. On the provincial level alone, we estimate \$1.1 billion to \$1.7 billion per year in lost tax revenue. As an organization, we recommend that the government work together with the industry to seek out ways of encouraging and enticing consumers to utilize the skills and services of legitimate, honest renovators and contractors.

As well, the Ontario Home Builders' Association has several recommendations regarding the future of the Ontario Municipal Board. The OMB has served a vital role as an independent adjudicative body in the province of Ontario for over 100 years. You might say it has actually been the envy across this country. There is a need for an independent and impartial body to adjudicate appeals in Ontario to ensure that land use decisions are made based on good planning in adherence with the stated goals of the province.

The industry is, however, open to improving the system. The residential construction industry recommends an increase in remuneration for board members and a lengthening of members' tenure. The planning system is best served by the province's articulating its interests through the provincial policy statement, with municipalities adopting clear policies through their official plans. The industry strongly supports an independent OMB that provides checks and balances outside of the political process.

Mr Gabriele: Let me conclude by stating OHBA's concern for potential changes to the land transfer tax rebate for first-time buyers of newly built homes. Since its introduction in 1996, rebates totalling approximately \$200 million have helped more than 143,000 Ontarians realize their Canadian dream of new home ownership. This has certainly contributed to the solid growth experienced in the new housing area.

OHBA supports provincial initiatives to target growth toward brownfield and infill sites, but our membership is

concerned that any changes to the land transfer tax may place new housing out of the reach of many young Ontario families. OHBA recommends that the province investigate other means of providing either consumers with a tax break for purchasing a new home in a targeted growth area or by providing builder incentives to build in targeted areas of the province.

OHBA is in full support of government initiatives to balance the budget. The residential construction industry has a valuable role to play in the elimination of the \$5.6-billion deficit. The residential construction industry contributes \$30 billion to the provincial economy and employs over 350,000 people in a variety of disciplines across this province. As the engine that drives the provincial economy, the residential construction industry pours billions of dollars into our provincial coffers.

Government is well advised to work together with us to ensure that the new housing and renovation industries continue to thrive in Ontario.

Mr Saturno: In conclusion, the homebuilding industry is still firing on all cylinders, but it is as vulnerable as ever to increased fees and regulation, to the detriment of the Ontario homebuying public.

I would like to thank you for your attention and interest in our presentation. We look forward to hearing any comments or questions you may have now or at a later time because we are here to be a resource for this government.

The Chair: We have about two minutes per party, and we'll begin with the NDP.

Mr Prue: Most of what you have to say I agree with, but I have to tell you that I'm very confused with your position on rental properties. You say there has been a 400% increase. That could be from 10 to 40 units. How many units of rental housing have your members built last year?

Mr O'Toole: Most condos are rented.

Mr Prue: No, they're not.

Mr Saturno: If I could answer that, rather than have a debate in the room, in Toronto right now about 40% of all condos are rental, but in this past year our members have built throughout the province somewhere around 3,000 units, which is 400% more than there was up to about five years ago.

Mr Prue: So you've gone from 750 units to 3,000. Let's be blunt. This much.

Mr Saturno: Yes.

Mr Prue: Almost nothing.

Mr Saturno: However, at the same time—

Mr Prue: No, no. I'm going to say that at the same time the number of rental properties in Ontario has declined because people are selling them or turning them into condos.

Mr Saturno: Actually, vacancy rates have climbed 400% as well. Never in history have vacancy rates in the GTA been up to 5%. So the market is working right now for vacancy rates. As well, the rents in those vacant apartments are dropping for the first time.

Mr Prue: That's those apartments that are above \$1,500 a month.

Mr Saturno: I would agree to disagree on that right now.

Mr Racco: There is no question that the rental rate is very high. There are available spaces on the market.

Anyway, I have a couple of questions. Do you agree with me that we should train people sitting on the OMB and that we should have permanent appointments instead of having temporary appointments?

Mr Saturno: I believe they should be trained a little bit more vigorously, let's say. However, I don't believe that it should be permanent, but rather, a lengthened tenure.

Mr Racco: What would that be for you?

Mr Saturno: I would say a revolving tenure of at least five to six years.

Mr Racco: With regard to lot levies, you are suggesting that they are high. In areas such as the 905 or areas that are growing, we need to build schools, hospitals and public transportation. Who do you think should pay for those costs? Should the developers, who make money on developing the land, pay for it, or should the people who are living there, who are getting additional traffic? Who do you think should pay for it?

Mr Saturno: I think it should be a combination of both. I think it is who benefits from it. Growth should pay for growth. Unfortunately, the Development Charges Act, or parts thereof, is being abused. It's very clear-cut. Unfortunately there are some grey areas, and it is being abused by municipalities for short-term political decisions of not increasing taxes. I believe both parts should be paying. If I'm a homeowner who lives in a 905 municipality, which I happen to be, I don't believe short-term decisions on tax freezes for property taxes should be put into place. That's not good political thinking.

Mr Racco: What you're suggesting is that maybe the municipalities are cooking the books. That's another issue. But you do agree that if we need a new bus line because there are new homes, that the new homes should be paying for it? In other words, the developer who develops the land and builds the homes should be paying for that additional cost.

Mr Saturno: For which part?

Mr Racco: For hospitals, for transportation.

Mr Saturno: Hospitals are not part of development charges under the act, actually, because they're used by the entire community.

The Chair: We move to the official opposition.

Mr O'Toole: Welcome, Peter. Midhaven Homes does an excellent job and has an excellent reputation. As well, I appreciate the volunteer work you're doing with the Ontario Home Builders' Association. You might know that we did hear from the Greater Toronto Home Builders' Association earlier today.

Mr Saturno: Yes.

Mr O'Toole: So the industry is well represented here, and I think you've provided in your presentation as well as some of the charts here—I'm just looking here at

Oshawa. The number of starts from 1993 has moved from 1,400 to almost 4,000 home starts. Each one of those represents about three jobs or person-years. I commend the industry for the 85,000-plus homes started.

I have first a comment and then a question. We've heard, and I support the number—I tried to make it earlier today. Fees, permits and other charges, as you said, are roughly 30% of the house. It's about \$44,000 on top of the price of the house, for which the first-time homebuyer blames somebody. They blame you, I suppose. Those are all charges on the work you do. If they want to bring affordability down, some of those charges could and should be examined, one of which, of course, is the development charge. You know there's a lot of pressure in our area to add the hospital component to the development charge, which is a huge issue not just locally but provincially. In fact, the member on the other side had that wrong, because it's not one of the quantums in the development charge formula today.

I'm hearing concerns in Durham about the moratorium that has just been put in place on severances and the creation of new lots. What's that going to do to the price of housing? If you dry up land for development, what is going to happen? That's a huge problem in the GTA. It was just announced by the minister—I think it was announced in December—no more new lots, basically a moratorium on them. What's your response? If you lower the supply of land for development, you're going to drive up the cost of current land that's available, because it's an inventory.

1600

Mr Colle: Is this a speech or a question?

Mr O'Toole: Mr Colle tends to be rude, but we tolerate him.

Mr Saturno: Actually, I've spoken to Minister Gerretsen and I've got a meeting with him tomorrow afternoon. The moratorium in itself caused concern and fearmongering, which added \$20,000 immediately, within 24 hours, to the price of a lot in the 905 area, and that is climbing now. It will probably be approaching, within the next six months, \$40,000 per lot. A little-known fact, again with development charges and the moratorium, is that \$1,000 on the price of any new home in this province eliminates 1% of the buying public. Home ownership is the dream of every Canadian and Ontarian. We're trying to provide that at an affordable price. The moratorium—we actually agree and will work with you, but with something like that we should be consulted. Quite frankly, instead of waiting for a year, speed it up maybe to six months, because it is causing concern. In the GTA, there is not the Golden Horseshoe 15-year supply of land, but actually about a two-year supply of lots that are on stream. So it could dry up that quickly. Growth is not created by us; we react to it. Growth is perpetuated, we feel, by good government. You're providing the good government. That's why 100,000 to 150,000 people per year are immigrating to this area. We're reacting to that.

Mr O'Toole: It's a federal government issue too.

The Chair: Thank you for your presentation this afternoon. We appreciate it very much.

CANADIAN AUTO WORKERS

The Chair: I call on the Canadian Auto Workers to come forward, please. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you choose. I'd ask you to identify yourselves for the benefit of Hansard recording.

Mr Buzz Hargrove: Thank you very much, Mr Chairman and committee members, for the opportunity to be here. I'm joined by Corey Vermey, who works out of our research department and specializes in health care, and Bob Chernecki, my assistant. I'm Buzz Hargrove, national president of the Canadian Auto Workers union.

I was pleased to see the lead-in to the minister's consultations, which talk about transparency, accountability, commitment to government and to public services. That's a huge step forward in the right direction, I believe, as opposed to the last eight years, where we saw a much different approach to public services.

We realize the government has an incredible challenge with a \$5.6-billion deficit, but I'd make the argument today, in spite of the fact we appreciate the problem, that there's a much bigger deficit and it's necessary for the government to deal with that deficit. I think there's an obligation, and I think the people of Ontario are saying they want us to move ahead in areas of health care, education and social housing.

We start, as a union, from the premise that in health care we should say no to private partnerships and private enterprise coming into health care. Health care should be based on need. That should be the principle, as opposed to someone trying to make money off the illnesses of the people of the province.

Education, social housing and social welfare all have massive deficits. We believe the people of Ontario, in electing a new government, said that those are the key issues over the next four or five years. There is also a deficit in infrastructure. Our world has changed radically in the last 10 years. The past government was living in the past before election, and they continued to drift into the past during their eight years in office.

We have major industries like the auto industry that are key to Ontario's health, yet new trends have developed around the world in terms of how investment decisions are made. Different jurisdictions have been able to get those investments, and we have ignored those completely. We also have a massive problem with imports that nobody is even talking about. As a matter of fact, I would suggest a number of members of the provincial Legislature are probably driving imports, not even realizing the damage they're doing to the Canadian economy.

We also have seen in the last year the appreciation of the Canadian dollar by up to 25%. It has had a dramatic impact on long-term decision-making in the auto

industry, the aerospace industry, the resource industry—almost every industry that we deal with, including the steel industry, of course, which is not our union, but it's under incredible stress at this point. The agricultural industry is suffering from a lot of disease, but also the dollar would have a massive impact on them as well. Our forestry—any industry in Ontario.

We tried in vain to get the former government to deal with the auto industry, especially as it is the engine of the Ontario economy, with one in six jobs relying on the auto industry in some form or other. Yet we continued to get, at best, a negative response to the problems that the industry faces. So we're hoping that, as part of the new government, it will recognize that if we're going to have money to pay for health care, education, social welfare, social housing, rebuilding our infrastructure—all those things that Ontarians are saying are important—we're going to have to start by recognizing we have to maintain the employment we have in an important industry like the auto industry, the aerospace industry and others.

Then we have to find out what we are doing wrong. Why is it we can't attract new investments in this country, in spite of the fact that we have the best quality, the best productivity? For example, I just found out today our freightliner plant up in St Thomas won the top quality award in North America for the manufacture of large trucks. That's consistent with what John knows about Oshawa, Durham. Our plants down there are one and two in quality and productivity, including both car plants and our truck plant. We have an incredible record, yet we're losing out. We've lost one major assembly plant. We've lost lots of parts facilities, and we're in danger of losing an additional assembly plant this summer as Ford closes out its truck plant.

So, yes, we have a deficit problem, but we're going to have a huge deficit problem if we don't come to grips with some of the problems facing the industries in our country.

Workers and their families are facing huge deficits. Minimum wage—I want to compliment the government on taking a step. I would have urged them to do more, but the reality is that they are at least, unlike the last government, recognizing that low-paid workers are entitled to some relief. Hours of work, vacation—we have the worst vacation structure in the country. The largest, most industrialized, wealthiest jurisdiction, not just in Canada but around the world, and we have this incredible situation where the last government took us backwards in terms of vacation scheduling and vacation pay. I just came out of some meetings in Nova Scotia, and after five years of service, low-paid workers, non-union workers get three consecutive weeks of paid vacation. In Ontario, you get two weeks, but the employer can force you to take it one day at a time. So essentially low-paid workers, non-union workers have no vacation whatsoever.

We have a deficit in job security. We have a deficit in bankruptcy protection for people's wages, vacation pay. We had protection for workers that gave them standing on monies owed—vacation pay, severance pay, termin-

ation pay and wages—but the last government destroyed that legislation, and now workers have little or no protection at all.

Pensions are a big issue, and it will be highlighted more and more over the next few months, with the CCAA filing of Stelco. We also have Atlas Stainless Steels, we have Nemco, we have Air Canada. We have a host of companies that are either in CCAA filing or rapidly approaching it. We're finding deficits in our funding that are as high as 40% and 50%, which is in complete violation of the law. We need tougher laws and enforced laws, and we need the government to reassess. Hopefully the Liberal government will reassess the funding mechanisms and the funding in the Pension Benefits Act, which was brought in in 1987 by the Peterson government. It's inadequate today, as you can see by the number of companies that are announcing that they're in trouble, and then announcing they have huge deficits in their pensions.

Pension money should be in trust, should be guaranteed. No worker who has spent a lifetime working in a workplace should have to worry about whether or not their pension is going to depend on whether or not the company is going to prosper in the future. I think our government has an obligation to deal with that question. Again, the amounts that were there in 1987 may have been sufficient, but here we are some 16 years later, and they're not sufficient.

1610

So I'm just doing a quick summary, Mr Chairman. I'd like to take questions, if I could, from the committee, but I do want to say that, in spite of the fact that we have a deficit, as a percentage of gross domestic product, it's not out of line with what the history—as a matter of fact, it's low in historical terms and it's certainly not out of line. It's much lower than most other jurisdictions in Canada.

I believe the people of Ontario said in the last election—over 60% of them voted either for a party that said, "We're going to increase taxes to improve services," or a party that said, "We're not increasing taxes, but we are going to improve services." I think that is the mood of the people of Ontario as I see it, as I travel around the province.

I think people are also saying, "We accept that the other government left a huge deficit. Let's get off of the question of where it came from. Let's now deal with it." I think people are saying that deficit financing over the next three or four years is fine to do the things that are important for the people of Ontario, to strengthen our health care, our education, our social programs, and to strengthen our economy, our industries, where it makes sense to do that, as long as the government has a long-term plan to say, "Over the long term, we're seeing with the growth of the economy, and maybe even some changes down the road in our tax structure, that we're going to be able to deal with that."

I would conclude there with one request. I have a meeting tomorrow, along with others, with David Dodge of the Bank of Canada, and I believe the one thing that's

really harming our province, our industry at every level, including the housing industry, the people who were just here, is the high interest rates in relative terms to the United States, in relative terms to inflation. It's time that we collectively call on the governor of the Bank of Canada to get rid of this infatuation with inflation and bring our dollar down through lower interest rates so that we can start to see improvement.

We're getting all kinds of companies in every sector that we're involved in saying, "We are struggling like hell to try to deal with this incredible escalation in the value of the Canadian dollar." That's harming everyone. I think there should be a consensus among all political parties to make a statement on that issue to the governor of the Bank of Canada.

Thank you for having us here today. We'd be happy to try to respond to any questions you might have.

The Chair: Thank you. We have about three minutes per party and we'll begin with the government.

Mr Crozier: Thank you, Mr Hargrove. Good to see you again. Being from Essex county, I certainly appreciate your work and the work of your members in the automotive industry down that way.

Last Friday, Sandra and Dwight and I met with Gary Parent and Kenny Lawenza and a number of the labour representatives in Windsor. Certainly, what you are saying today was echoed to Minister Chris Bentley, our labour minister, at the time.

From your presentation, I would like to just ask you where it said that we need "an aggressive investment strategy; an auto sector strategic investment fund to flexibly tailor training, infrastructure and investment incentive to attract new investment." I'd like to expand on that. It's on page 11, the last paragraph. Just expand on that a bit.

Mr Hargrove: One of the problems was, a little over a year ago, the former government announced that this fund on technology and training that had been—before, it would have been dedicated to the computer industry or the high-tech industry. The auto industry, as one example, was excluded from it, and the Premier decided they were going to now include the auto industry and they actually increased the amount of money available in the fund. But our experience was they tightened up the bureaucracy, the bureaucratic rules that govern a fund. The Chrysler investment in Windsor was probably the best example.

Had we not had this constant delay and the government's saying, "We're not going to help out here," I believe we would have had that investment in Windsor in place and had a chance to have a brand new plant and 2,500 brand new jobs in assembly alone in the province. But the negativism from the government and the experience of the DaimlerChrysler people, including Ed Brust, who just stepped down as president, who told me that they were shocked and astonished at the lack of concern about the new investment and that the bureaucracy, the rules they put up, as opposed to jurisdictions like Georgia, South Carolina, the southern United States

and Mexico, who were willing to invest in the industry—that's what we're talking about. Let's look at what the changing trends are today and let's respond to it and not after we've lost—the southern United States 15 years ago didn't have an auto industry; now they're bigger than Ontario. We could have had half of that investment, had we been on our toes, and we would have been growing from 1999 as opposed to declining, as we are today.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you, Mr Hargrove, for the work you do for an important sector, not just in my riding but certainly for the whole economy of Ontario.

Just a couple of comments and then a question. If I look over the last while, I think you're mellowing with time, which is good. It's the partnership approach to problems, of working to some extent with the automobile manufacturers' group to find ways of building in efficiency and yet retaining jobs—for the most part retaining jobs.

I saw you at the auto summit where Belinda Stronach was kind of the chair of the day. You'd probably be happy to see her in a federal role because of her background with the auto sector at Magna and how important it is. I'm not being trivial. I think she has a real understanding of the sector and an appreciation for its job creation.

On a serious note, the issue I really want to—

Mr Colle: Is that a question about Belinda Stronach or what?

Mr O'Toole: I'll leave that to Mr Hargrove. He's a very competent guy.

I'm a little disappointed that you didn't bring Jim Stanford or Sam Gindin with you because they've got more of a handle on this one: the pension deficit in the auto sector. Do you have any numbers that you float around? I hear numbers that General Motors' pension deficit is to the tune of \$4 billion. Chrysler is in serious trouble. All the auto sector pensions are in huge doo-doo for a lot of reasons. Do you have any number that you and all of your economists use? It is important and troubling as the industry is actually shrinking with overcapacity and the future production is in China, not North America. Do you have any numbers that you use?

Mr Hargrove: No, but I'll get them for the committee.

Mr O'Toole: I'd appreciate that.

Mr Hargrove: But I will say that our pension funds in General Motors, Ford and DaimlerChrysler are in relatively good condition. During our bargaining a year ago our funding was around 90%, which is considered pretty well 100% funding. The only way you end up in trouble is if you have a bankruptcy and a windup of the funds. So it's not major auto, but there are a lot of small auto parts plants. It's not Magna either, by the way. I do believe Belinda Stronach is knowledgeable about the industry. She would be a person who would have a sense of the new trends and what you do to respond. So if you're asking me if I'm supporting her, out of the other two, of course. I think she'd do a much better job.

Mr O'Toole: A good answer.

Mr Hargrove: I do want to say, that increase in housing in Durham region is because we negotiated two additional shifts of production in Oshawa.

Mr O'Toole: Excellent. They're doing a great job.

The Chair: If there is any information that was requested by Mr O'Toole, if you'd provide it to the clerk, and then we can give it to every member of the committee.

Mr Hargrove: We'll do that.

The Chair: Now we move to the NDP.

Mr Prue: I have two questions. I'm going to try to get them both in three minutes. I hope your answers are as short as my questions.

The first one is, what changes do you think are necessary in the pension benefits guarantee fund? Can you be specific? What can this government do to make sure that the pensions are available for the workers?

Mr Hargrove: Firstly, the fund is a very complex situation in how it assesses companies to pay into the fund. We think that should be simplified and increased. It's based on assets; it's based on a whole host of criteria that may have made sense at the time. I don't think, in my mind, that it did but it certainly doesn't today, given the experience we're having with bankruptcies and the lack of funding that's available.

Companies must be forced to have the funding there; 90% funding is good. If we could get everyone up to 90%, and the pension commission overseeing and not waiting for three or four years for the companies to file before they can check—that's when companies get in trouble. They delay the filing and there's no mechanism. It's like our food and water where we have no inspectors. We have nobody who is chasing down the companies.

So simplify the funding, make sure we have checks and balances with inspection of what they're doing and increase the assessment on companies that go into the fund.

1620

Mr Prue: My second question has to do with deficit financing. We've had many groups telling this committee to raise the taxes in order to afford the promises. We've had one or two suggest that we run a deficit for one year and then raise the taxes and everything should work out. You're the first one who has actually suggested that we go into deficit for four years, if I understood you right. Can you tell me why you think that? This is a novel approach. I have not heard this from a soul, so I want to hear your rationale behind this.

Mr Hargrove: It's a bit like what John said: I'm getting too practical in my old age. The reality is that the government, as I followed the election, ran on not raising taxes, but not lowering taxes. The politics of that tells me, is there another way?

I think the people of Ontario would accept an increased deficit over the short term, the next three or four years, as long as there was a plan in place that they could see growing the economy, and you may even have to look at tax increases past the next election. But at least

the people of the province would have input into that through their vote.

I think that's a perfectly legitimate way. If you take where the former government was and said, "We're balancing the books at this number," and then we find out the books weren't balanced, that we're \$5.6 billion short, if you at least said, "We're going to run a deficit based on their accounting last time around," I think they would have to explain why they would challenge that in the House, and it does give us a chance to move ahead on health care and education and the other things that are important to the people of Ontario.

The Chair: Thank you for your presentation this afternoon.

I now recognize Mr Barrett.

Mr Barrett: Thank you, Chair. I'll read the motion. Members of the standing committee did hear a presentation from the Canadian Hearing Society.

Whereas the Canadian Hearing Society stated that Mr McGuinty is considering cuts to hearing aid grants and subsidies; and

Whereas the Canadian Hearing Society stated that Mr McGuinty wrote a letter of support for audiology services—and I would imagine that letter did leave with the people at the witness table. However, it was read into Hansard.

I so move that the committee support the sentiment contained within the letter authored by Mr McGuinty.

The Chair: Comments? You have up to two minutes.

Mr Barrett: Again, as we've had a number of presentations from representatives of people with disabilities, the London meeting of this committee comes to mind, where we heard a presentation from people representing the intellectually challenged. Certainly Mr O'Toole and I at that time concurred with the sentiment of Mr Prue in supporting what those people were asking for. The hearing society in part made their pitch, if you will, describing the false economy of cutting hearing aid subsidies. Certainly to my mind this is not solely an economic issue. People who cannot hear, people who cannot see or who are impaired are isolated, and we are a very rich society in the province of Ontario. If we cannot offer support to people who find themselves in these kinds of circumstances, I feel that it's incumbent on this committee to take a leadership role, as seen in the letter that was read into Hansard by Mr McGuinty. That's my motion and discussion.

The Chair: Any further comment?

Mr Prue: In my two minutes I'm going to support this, but I have to tell you I find this to be a very nebulous motion. It doesn't really say very much except that we are going to support what Mr McGuinty wrote a year and a half ago versus what he was musing in the newspapers a week and a half ago. The question is, where does he stand? I think it's absolutely essential that we push this, that he go back to where he was a year and a half ago, as opposed to where he was last week, because it is quite clear to me in the presentation—and it was very well made—that people who rely on hearing aids and

audio devices, FM systems, are going to be hugely adversely affected for very little financial gain. I know that the government is scrambling to find money and that they've been left in a deficit position—I know that it's very tough sometimes to be in government—but I have to tell you, these are the wrong people from whom to seek those monies. They are, by and large, people who can ill afford it. They are children. They are the elderly. Quite frankly, you have to find the money from somewhere else.

In supporting this very nebulous motion, I don't know what's going to be gained from it, but I would hope that saner heads on the government side will see that Mr McGuinty's musings on all of this are completely the wrong way to go.

The Chair: Thank you.

Mr Colle: On a point of order, Mr Chair: We've had a special request from the mayor of Timmins, Mr Vic Power, to appear before the committee. He never got notification that there was going to be a meeting in Timmins until after the deadline. I would like to have unanimous consent to allow Mr Power to make a presentation to the committee when we're there on Wednesday. It's just a matter of the fact that he's hosting our committee, he's the mayor of the city and I think we should do that, OK?

The Chair: Is there unanimous consent?

Mr Prue: Mr Chair, we're in the middle of another discussion. We haven't even voted on that.

Mr Colle: No, that's already done.

The Chair: There is no vote on that.

Mr Prue: All right. OK, I understand.

Mr Colle: The NDP objects. Put that on the record.

Mr Prue: I didn't say I object. I'm just trying to figure out where we're going. We're jumping all over the place. I don't object at all. Just calm yourself. I don't object at all. I think it's a good idea. I'm just trying to figure out where we're going. We're jumping so fast. That's all I'm trying to find out.

Interjections.

The Chair: Order.

The comments on Mr Barrett's motion have ended. It will be dealt with at report writing.

Mr Prue: I wasn't sure it had ended, because nobody responded over there. Maybe nobody was going to respond.

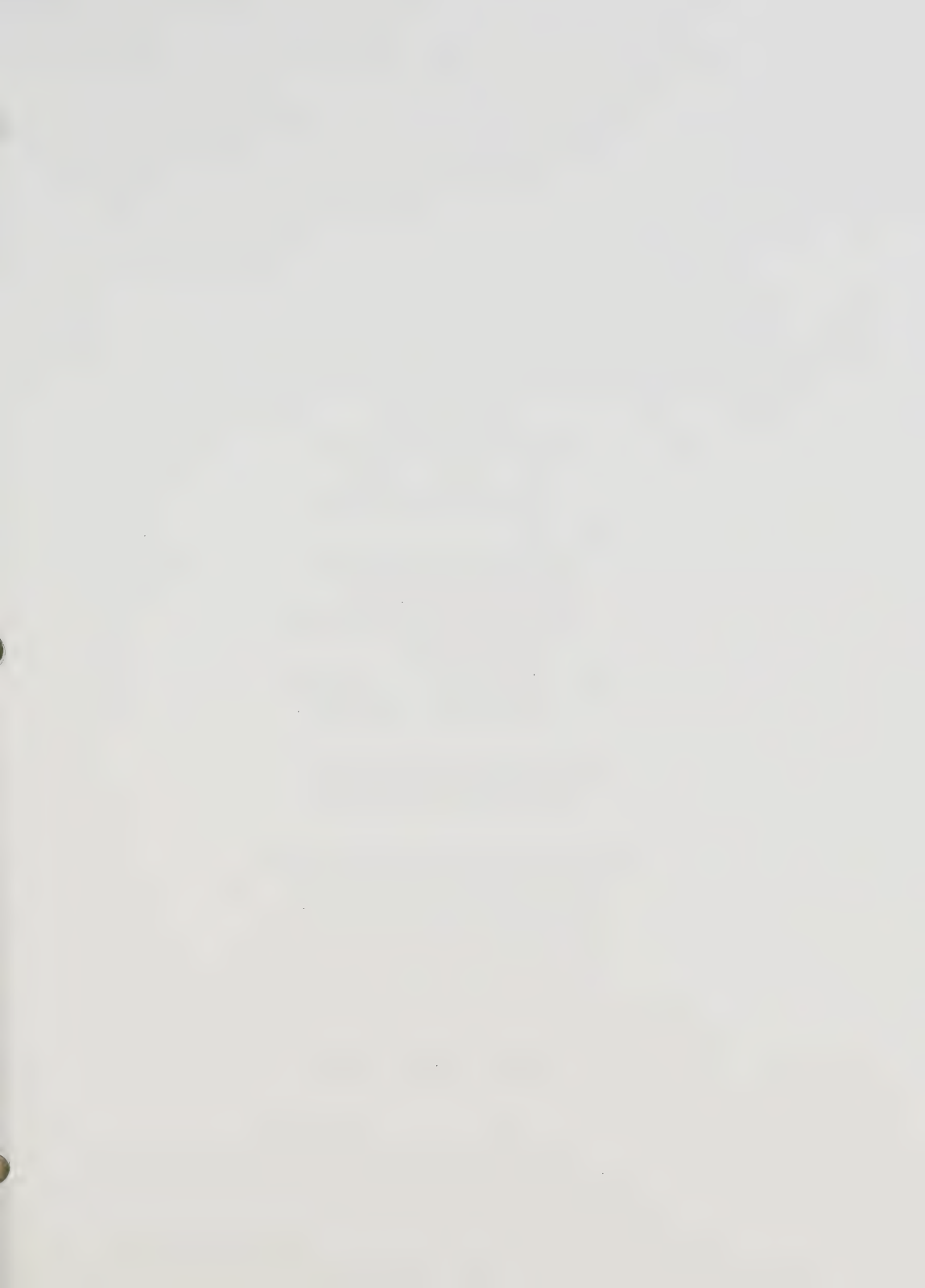
The Chair: That's right, there was no response from the other side.

Mr Prue: All right, fine. Then we've launched into something else. Is that what happened? Thank you.

The Chair: Mr Colle is asking for unanimous consent for a presenter in Timmins. Do we have unanimous consent to Mr Colle's request? Carried.

To the committee: The bus will be at the main entrance at 5 pm to catch our flight out of the island airport. This meeting is adjourned.

The committee adjourned at 1625.



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ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 3 February 2004

Journal des débats (Hansard)

Mardi 3 février 2004

**Standing committee on
finance and economic affairs**

Pre-budget consultations

**Comité permanent des finances
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Consultations prébudgétaires

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Tuesday 3 February 2004

Mardi 3 février 2004

The committee met at 0901 in the Courtyard by Marriott, Ottawa.

PRE-BUDGET CONSULTATIONS

OTTAWA-CARLETON
DISTRICT SCHOOL BOARD

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will come to order. The committee is pleased to be in Ottawa today. I would call on our first presenters, the Ottawa-Carleton District School Board. Good morning. You have 20 minutes for your presentation. In that time, you might leave some time for questions if you so desire. If you would please identify yourself for the purposes of our recording Hansard.

Ms Lynn Graham: My name is Lynn Graham. I'm the chair of the Ottawa-Carleton District School Board.

Mr Michael Clarke: My name is Michael Clarke and I'm the Ottawa-Carleton school board's treasurer.

The Chair: Please begin.

Ms Graham: I would ask you, if you would, to let us know when 15 minutes is up. We will leave five minutes for questions, if you would do that.

The Chair: Yes.

Ms Graham: Thank you.

You have our presentation, do you?

Mr Mike Colle (Eglinton-Lawrence): Yes, we do.

Ms Graham: OK. Thank you for the opportunity to address the committee. I think it is important to give credit to the new government for asking people about the existing provincial funding system and the concerns that the first-line service delivery organizations have with it. We welcome your committee's willingness to travel to ensure that you hear from a wide cross-section of Ontarians.

We do regret that you have not been able to make time to hear from the public school boards' central spokesperson, the Ontario Public School Boards' Association. While the Ottawa-Carleton District School Board wants to address you itself, we also know that not every public school board was able to sign up to speak to you. The time restraints only let us speak to the issues that are unique to the OCDSB. You also need to know about the common issues of all public boards, the issues which OPSBA would have addressed with you.

I personally want to highlight the fact that the OCDSB welcomes the opportunity to build a strong working relationship with Queen's Park. We want the age of confrontation and blame-pointing to be over. It has not helped the students in Ontario. I welcome this opportunity to share information with you. We have already had the opportunity to meet with the minister, Gerard Kennedy, and his parliamentary assistant, Richard Patten, and have had a wide-ranging dialogue with them. The ongoing communication the two have established with us here in Ottawa is outstanding.

First, I want to acknowledge that the provincial government has many competing demands and responsibilities. A school board's one focus is students. When the province has to set priorities, I ask that it keep in mind:

(1) Premier McGuinty's focus on being the education Premier.

(2) That students are key to the long-term prospects of the province: for long-term economic prosperity, social cohesion, welfare rates, demands on social services and prisons. As our special education advisory committee has reminded trustees, a dollar invested now saves nine in the future.

(3) When the previous government redesigned school board and municipal responsibilities and funding sources to pay for their respective responsibilities, the province decided that it would take control of school board funding. With that control also came the responsibility to provide suitable resources to ensure every child has equitable access to the education he or she needs to have a productive and happy life. Of course money alone cannot guarantee this, but the money is a key factor. It is the needs of our students that make school trustees so passionate in our advocacy.

My comments on the present funding formula fall into three broad areas: the lack of resources that the formula now provides, the gaps in the existing formula, and the ongoing cost drivers that the formula must deal with. I will then comment on the implications for the formula coming from the government's announced policy directions.

I am going to shorten the first section in my speaking, because I do want to give us time for questions. I'm going to read the first two paragraphs.

The resources that the provincial funding formula now provides to school boards: The inadequacy of the present funding level is no longer the subject of any debate. Dr Rozanski's report was quite clear. The previous govern-

ment accepted the report and stated it agreed with it. The present Minister of Education, in his role as opposition spokesperson, was adamant that the missing funding for the benchmark shortfalls had to be provided immediately. School boards agree.

I must point out that the previous government ordered school boards to do a three-year plan based on an additional annual \$900 million being in place as of 2005-06, with over half of that incremental funding starting to flow in 2004-05. If the new government does not carry through with this government commitment, virtually all boards in the province are facing deficits. I attach a copy of the summary of the OCDSB's three-year plan showing how much it is dependent on this new funding. You can see that on page 10.

I'm going to go on now to section 2 at the bottom of page 4, because I want to ensure I have time to deal with issues specific to our board here in Ottawa.

The gaps in the existing formula: There are three major components to the OCDSB's concerns. The first is transportation—at the top of page 5. The funding formula was changed with the goal of ensuring that all students of equal need would receive the same level of funding. This principle was applied to all lines in the formula except one: transportation. School boards were assured that there would shortly be a formula that treated every student equitably for transportation. That was five years ago and the inequity has continued. The OCDSB was one of the school boards that lost the most funding in the change from the old funding system to the present funding system. It is ironic that it also loses under the interim transportation funding scheme.

The OCDSB receives a \$354 transportation grant per pupil now. Boards in eastern Ontario range from \$354 to \$616. Other boards in Ontario facing the same mix of urban and rural receive from \$216 to \$616. While we would expect some difference in the per-pupil funding due to student density, geographic factors etc, the shortfall we face cannot be justified.

We have also heard the province pressing school boards to form transportation consortiums between co-terminous boards. Different funding levels provide little incentive to do so. Why would a board with a richer set of transportation policies for its students volunteer to chance its schools' opening and closing schoolday times in order to facilitate sharing busing with another board?

We ask the province, if you can find an equitable formula for special education, why is transportation so difficult?

The province needs to set benchmarks for transportation, just as it did for the foundation grant. What are its assumptions as to walking distance, the public transit that urban areas should provide and school boards should use, special education dedicated busing, differentiation between urban and rural areas, a system to address safety issues for barrier streets etc? These factors are not easy to settle, but if the province could set up an ISA system, surely a transportation formula is also possible. Then fund the service level you believe should be in place for all students.

Secondly, the formula assumes the province is homogeneous. It isn't. Core French is an excellent example. The province funds boards to provide core French from grade 4 on. Yet the residents of Ottawa want French-language training for their children starting in junior kindergarten. This isn't an unreasonable expectation, given the size of the francophone community and the expectation from employers that employees be able to serve customers in the language of the customers' choice. If the province funded core French in the earlier grades at the same level it funds grade 4, there would be an additional grant of \$4.6 million to the OCDSB. A school board needs to tailor education programs to local needs and conditions. The provincial funding formula must fund this flexibility.

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Gaps in the formula: special education. The province has not provided detailed benchmarks as to how it expects service will be provided to students with exceptionalities and how it will fund this level of service. Until we have this, there is no consensus about what an adequate service level is.

The existing intensive support amount claims system provides vital program funding; 2003-04 is the first year that the new model actually funds the special education services our board provides. The ISA process is very expensive and takes staff away from providing services to students in order to prove the need for funding. Either change the approval process or fund the administrative effort. Simply freezing us at the current level is not acceptable, as the OCDSB is a regional provider and sees a constant stream of high-needs students who have not previously qualified for ISA in their home boards. We must provide programs once the pupil arrives in the OCDSB and need to have the additional revenue to do this.

The present formula assumes all school board costs change immediately in direct proportion to changes in student enrolment. In real life, almost 50% of the cost of educating a student is a fixed cost; gaining or losing one student doesn't change the need for that school to have a principal, school office, a telephone system, a computer system, provide special education, run the school bus, have a building etc. Yet the present funding formula cuts the funding to pay for all these costs every time a student leaves.

School boards have been under budget pressure for years and as a result have postponed repairs and upgrades to school buildings. This has now caught up with many boards, leaving a major funding problem. The province has promised infrastructure help and has done an evaluation of every school building in the province. The funding is urgently needed so that all students have adequate buildings and technology. This is a \$300-million issue for us.

The existing formula funds boards based on the number of students in their schools who are from non-English-speaking countries and who have been in Canada less than four years. Note: This is in Canada, not in the

schools. The number of students who need ESL is far larger. At the OCDSB we provide various levels of ESL/ESD support to 9,220 pupils, while the formula only recognizes 1,956 for grant purposes. As well, as Dr Rozanski noted in his report, all research shows it takes more than three years to develop a real fluency in English. Most research indicates the period is seven years.

Mr Clarke: Continuing on, the province has legislated that all Ontario school boards are to be dependent on it for funding. By law, it severely limits our ability to achieve any significant outside revenue. It has refused to take over responsibility for province-wide bargaining of labour contracts, although it has severely restricted our ability to reduce the number of staff we have by changing class size, by enveloping restrictions on so on, which is the traditional way to partially pay for salary increases. The previous government also mandated that all teacher contracts come open for September 2004, setting school boards, and their students, up for massive labour action. Every 1% salary increase adds \$4 million to the OCDSB's cost. On a province-wide basis, 1% adds about \$160 million. Because of the nature of funding, the province will have to fund any contract increases. I would point out that in the two-year plan attached to my presentation on page 10, there is no increase built in for settlements and there is also no grant increase built in to pay for settlements. One drives the other. What percentage will the province authorize, what percentage increase will it fund, and when will it tell us? Negotiations will be starting shortly.

That ends our comments on the existing formula. We would, however, like to go on to talk about the impacts of the changes the government has indicated it would like to see. We will need to be funded to do those things.

The Premier's pledge of a class size of 20 in the primary grades: We applaud this, so long as school boards get the resources it will take to do it—more teachers, more classroom space, more supplies. We estimate a cost of \$26 million, both capital and operating. If the existing grant structure is changed proportionately from what it is now, the new grant will only fund \$13 million, leaving the rest of the students in the OCDSB to fund the remaining shortfall through fewer services for grade 4 to grade 12 students. Either fund the whole cost or don't make the change.

The school buildings as a community resource: The minister has said that he wants school buildings to be a community resource. However, boards will need additional grants to pay for the cost of keeping buildings open. School boards now are only funded based on the number of regular students registered in their schools. That means a board only gets facilities grants to keep enough buildings open to house the number of students it has now from 8:30 in the morning till about 3 in the afternoon Monday through Friday. If a board wants to make its buildings available to the community outside those hours, it has to find a funding source to pay this incremental cost. At present, user fees are about the only

source, which limits people or organizations who can afford to use the buildings. This contradicts the hub concept of using the school as a centre for community services.

The Chair: I'll interrupt you there. You wanted to have some time for questions.

Ms Graham: Is it 15 minutes?

The Chair: Yes.

Mr Clarke: OK. The other items, which I'm sure you've heard from other boards—I know Toronto school closures [*inaudible*] as spaces open, public demand for schools in growth neighbourhoods and, once more, the money to operate the ones that are built, and finally, the pledge about changing the school leaving age and the need for funding the programs to retain, to keep uninterested students in the schools. Then, finally, there are charts showing what the impact is for us. Thank you.

The Chair: Thank you for your presentation. We have a little under two minutes for each party. We will begin this rotation with the official opposition.

Mr John R. Baird (Nepean-Carleton): Thank you for your presentation today. One thing I'd like to try [*inaudible*].

Ms Graham: We have confirmed that we are building two schools [*inaudible*], two schools out in Cumberland—one is rural Cumberland and one in Stittsville—and we have one in Kanata that won't be ready till the fall, but there is an issue about keeping the other, older schools open, because we estimate it costs approximately \$400,000 a year to keep a school open. I'll turn it over to Mike, and he'll be able to show you on the charts what that is going to mean, keeping the 11 schools open.

Mr Clarke: If you will take a very brief look at page 11, in our school facilities line, which is the second set of bars from the left, we're spending just under \$70 million to heat, light, clean and maintain schools. Our grant is \$70.4 million. The difference is going toward paying for instruction. Our concern with new schools is that it's not a matter of capital costs any more; it's keeping them running once they're open. It's about \$400,000 per elementary school: the principal, the school office, the custodian, the utilities, the phone systems. So yes, we can build them in new neighbourhoods, but if we open them, we can't staff them with a school office and we can't keep them up to snuff to be used unless we cut back on the remaining existing schools, which then contradicts the government's intention about using the schools as hubs for communities.

The Chair: Thank you. We move to the NDP.

Mr Michael Prue (Beaches-East York): My question has to do with the pledge to raise the school leaving age. I do have some considerable difficulty with that inasmuch as there are a whole number of things that you can fix [*inaudible*]. What is your view on this? This is something that obviously may be a good thing, but can we afford it?

Ms Graham: Can we afford it? I think we're going to have to see what happens with the grants that are coming out in the spring and the current review of the funding

formula. In the board's view we think it's a good idea, but we're hoping certainly to be part of the consultation process to see what programs and services might be available for the 16- and 17-year-olds. There could well be a number of different co-operative education programs or other replacement programs. But can we afford it? I think that's a question for the provincial government. As a board, we think it is a very excellent direction and we look forward to consultation on it.

Mr Prue: But I'm asking you as a board. You have a lot of [inaudible]. Where does this fit into your plan? That's what I'm trying to figure out.

Ms Graham: Well, without new resources we're going to have a great deal of difficulty addressing this [inaudible] policy direction.

Mr Prue: Thank you.

The Chair: Thank you. We'll move to the government side.

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Mr Phil McNeely (Ottawa-Orléans): On page 5, you refer to the province being [inaudible]. I represent a 35% francophone region in the Ottawa [inaudible]. This appears to be something very important for Ottawa, that we should be putting more dollars into getting [inaudible] earlier. Could you just expand on what you provide now and what you would like to provide for our city?

Ms Graham: We do start our immersion programs in junior kindergarten and we also have a core French program that starts [inaudible]. But as our superintendent pointed out, we are having to put extra money in that doesn't come through the grants to be providing that kind of education. We definitely want to continue what we have. We think it is working very well. We have three immersion entry points: early, middle and late. But it isn't relative to the grant formula, and at some point we may be faced with having to make reductions which we don't want to make.

Mr McNeely: Am I allowed a supplementary?

The Chair: You have about a minute.

Mr McNeely: It's my first committee meeting.

This seems to be an issue that [inaudible] possibility we're going to hear about. On both these issues, is this a problem for you to [inaudible] as it should be?

Ms Graham: Yes, it is. The transportation issue is huge. We put it right at the top of our list, because we are not providing the level of service we need, whereas on the French side we are providing it, but we're having to take money from other pockets to do it. I'll let Superintendent Clarke continue.

Mr Clarke: In Ottawa, it's simply not acceptable not to provide at least core French. In order to do that, you need at least 40 minutes a day in the regular school. The province simply does not recognize that we fund it now. We can understand that in other parts of the province that may not be an issue, but for us, for Cornwall and for Sudbury, we have to provide French-language education right from the beginning.

In terms of transportation, within this area there are wide disparities in terms of the dollars per pupil that we receive for transportation, and that's why we keep asking—the point of the funding formula is that all students need and receive equal funding. So why is this one line where it doesn't happen?

The Chair: Thank you for your presentation.

CANADIAN FORUM FOR CRIME PREVENTION

The Chair: I will call on the Canadian Forum for Crime Prevention. Good morning. You have 20 minutes for your presentation. You may allow some time for questions within that 20 minutes if you wish. I would ask you to identify yourself for the purposes of Hansard.

Dr Irvin Waller: My name is Irvin Waller. I'm a professor of criminology at the University of Ottawa. I'm a consultant to governments across the world on ways to reduce crime cost-effectively. I'm the chair of a new public interest group established in Canada to try and get federal, provincial and local government policies to deal with crime more in line with what the evidence has to say about what is effective.

In simple terms, adding more police officers and building more prisons flies in the face of considerable international evidence about what is cost-effective in reducing crime. In terms similar to the previous speaker, if Ontario began to invest money wisely in prevention strategies that are effective, we could hope, in the next five to 10 years, to see significant reductions in violent crime and property crime.

I apologize for the size of the slides. The information is in fact in the attachment, but I'm going to follow the order of the slides.

First of all, you're probably not aware that one in four adults in Canada will be the victim of a common crime this year. These are the results of surveys done every five years by Statistics Canada.

You're probably also not aware that property crime rates—car thefts, break and enters—are now something of the order of 30% above those in the United States. We could, of course, go the way of the United States and incarcerate huge numbers of people. One in four of all people incarcerated in the world are incarcerated in the United States. Or we could go the way of scientific knowledge and of international norms, and that would be to actually invest in prevention.

Expenditures in Ontario are still limited only to police, courts and corrections. Some of the incidents in Toronto or in this city and some other cities in this province put pressure on local government to expand policing. This is clearly not going to achieve the reductions in crime that the advocates argue.

We know, from a series of comprehensive spending reviews, analyses of what you get for investments in terms of crime reduction, that there is significant benefit from organizing to tackle causes of crime more effectively.

I'll just mention three of those reports, but I've actually listed here some 11 or 12. First of all, the World Health Organization has made it very clear that the best way to reduce violence is to invest carefully and systematically in attacking the causes of the violence. The UN last year, in an initiative from Canada, adopted a series of guidelines about how to reduce crime. These guidelines start with a very clear statement that the most cost-effective way, and with the greatest benefits to the community, is to invest in prevention.

The Blair government has made considerable use of comprehensive spending reviews. One well-known one is called *Misspent Youth*. In summary terms, it says that if you spend your money on more police, more courts and more prisons, this is wasting the lives of youth. If you invest instead in carefully focusing on families, schools, communities at risk, and helping those youth stay in school and find sporting involvements and find an identity that keeps them out of crime, you will see significant reductions in crime.

The Blair government, after looking at the scientific evidence, created an independent arm's-length agency to tackle the problems of youth crime. Just in five years, we've seen in the UK against their trends a 20% reduction in youth crime, a 20% reduction in recidivism rates and a 20% reduction in the number of youth incarcerated. I think it's time for Ontario to begin to reallocate the small amount of money that's needed to achieve those sorts of reductions.

Canadians believe very strongly in prevention. Some also believe in heavier punishment. But they all agree that the way to go is to invest in tackling the causes. If we look at what is the recommended way to do this in the UN guidelines or international thinking, it would require the province of Ontario to establish a responsibility centre to spearhead the implementation of effective crime prevention strategies in this province. Such an agency was recommended nearly 10 years ago by the federal parliamentary committee chaired by Bob Horner. This committee recommended that there should be a national responsibility centre and that about 5% of what has been spent on police, courts and corrections should be given to that centre to spearhead the changes that are needed.

Today, Ontario is spending nothing—zero, no money—on ensuring that taxpayers get effective crime reduction strategies. Yes, taxpayers are expending considerable amounts of money at the local government level to pay for police services. At the provincial level they're paying for police, courts and corrections. There is no evidence in this province or actually in any other jurisdiction that those strategies are effective, let alone cost-effective. In comparison, all of the research that has been done to evaluate the effectiveness of secondary prevention strategies shows that these are not only effective but cost-effective.

The Canadian Forum for Crime Prevention recently organized a major national conference in Waterloo region with about 100 police leaders, people from the judiciary, people from crime prevention programs, people from the

academic world. This group worked for two days, hearing from Canadian experts, experts from the US and from the UK, and developed a declaration for a safer Canada. That declaration calls for a series of specific actions from the provinces. In the handout, not the slides, on page 2, you have a list of those recommendations.

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It calls for the creation of an inter-ministerial capacity for crime prevention to be responsible for planning and coordination. This is exactly the type of action that the Blair government, in a period of as short as five years, has shown works and gets results.

The second one is to require local governments to undertake crime and safety analyses on a regular basis and develop crime prevention plans. Basically, every major industrialized democracy, except Canada and the United States, already has that in place. In Australia, in England, in the Netherlands, in France, in Sweden, local governments have a small secretariat that looks at where the crime problems are, what seem to be the causes, and how school boards, housing, social services and parents can work together to reduce crime. It's time for Ontario to catch up with that. These are not expensive items, but they are items that require funding.

The third calls for providing support to local communities, both in the form of investments in individual projects and of core funding to local crime prevention councils. In Canada's national capital, where you are sitting today, there is a major political fight underway to ensure that the city's crime prevention centre has the sustained funding that will enable it to get the projects in the various parts of Ottawa underway: to tackle the causes of swarming, to tackle the problems of family violence. For the nation's capital in a province as rich as this, in a country as rich as this, it is time for change. The previous government had a Crime Control Commission. It talked and it built a boot camp, against all the scientific evidence that it would not work. It removed all the programs in schools that might have reduced the likelihood of further crime. The demographics are such that we would expect crime to increase. So for all of those reasons, in the next five to 10 years, if Ontario does nothing along the lines that are in here, we're going to see a rise in crime rates, and what a rise in crime rates means to taxpayers is more police officers and more prisons. This is not a cost-effective way of using Ontario's taxes.

The fourth one requires all policy decisions at provincial and local levels to be assessed for their potential impact on crime and victimization. This is an obvious clause, but it would require legislation and it would require the tools so that one can in fact assess whether changes in relation to schooling, changes in relation to urban design, changes in relation to social services, changes in relation to housing are likely to increase or decrease levels of crime.

Finally, and the most important recommendation and the reason why I've come here—we're meeting, by the way, with the Honourable Monte Kwinter and Liz

Sandals next week. Ms Sandals, the parliamentary secretary to Mr Kwinter, was an active participant in the conference in Waterloo region last December. But the bottom line is a call for you to not allow the levels of expenditure on policing and prisons to drift each year slowly up so that they increase taxes and do little for crime, but instead to ensure a reallocation of 5% of the criminal justice budget of this province to establish a permanent responsibility centre that would have the capacity to plan, to set targets for the reduction of crime, as other industrialized democracies except the United States and Canada have all already done.

Thank you for your interest.

The Chair: Thank you. We have a little over two minutes per party. We'll begin with Mr Prue of the NDP.

Mr Prue: Thank you. That was a very good presentation. I have a couple of questions. First of all, the Liberals were elected on a platform of *[inaudible]*. So you're asking them to scrap that kind of move?

Dr Waller: Well, I'm pleased to see that the Liberal government has been concerned to restrain expenditures in other areas. To the extent that that policy has not yet been implemented, yes, very clearly, because what that action means is that property taxes are going to go up or they're going to have to set much tighter priorities on property taxes. It's very clear, just as boot camps by the previous government are now to be shut down because people have looked at the research that says it doesn't work, that adding extra police does not work in terms of crime reduction. Now, the public may want extra police. I understand the pressures. But the fact is that if you take a thousand police officers and you multiply it by what the police chief here says is \$76,000, but what I think is closer to \$100,000, you're talking about something in the order of \$100 million. I would be happy to demonstrate, if not here, to anybody on this committee or to Mr Monte Kwinter the evidence of what you could do with even half of that, \$50 million, which is what I'm suggesting here, to reduce crime, and in reducing crime you're reducing pressures for more police and more prisons in the future, and you're also probably providing some collateral benefits in that many of those youth grow up to pay taxes and to be good fathers; we're talking primarily about males.

Failure of sound system.

Dr Waller: I spent eight years running an international institute associated with the UN, based in Montreal, and we produced a document of 100 effective programs. The program you allude to has not been evaluated here; it's not widely spread across the province. However, in the Netherlands they did evaluate it, and once they'd shown that it worked, they spread it all the way across the country. I think that's what we have to see in this province. We have to get to programs that work, evaluate the program that we talked about, check that it works and then make sure it's put all the way across the country.

I focus much more on programs that really tackle youth at risk. There's now a very famous program called

the youth attrition program that the British government started. Again, the same example: they did it, they evaluated it, they showed it worked, then they did it in 40 places, and now they're going to do it in over 400 places. You'll see through your program, if it's done like the Dutch do in that program, reductions in expected involvement in crime on the order of 60%—60%. That means you compare the group that goes through that with a group that goes through the traditional system and you'll see reductions of 60%. I'm happy to share with anybody here examples of some 40 or 50 different projects in terms of style that produce those sorts of reductions. This is not just my view; this is the view of the World Health Organization, of the United Nations, of the major commissions that have looked at spending reviews in the UK, of the institute that works for the state of Washington, the work done for Congress *[inaudible]* for some time.

The Chair: Thank you. We move to the government.

Mr Bruce Crozier (Essex): Thank you, Mr Waller, for your advice this morning. I'm referring to your crime prevention facts and statistics, and I've got two questions. One is, why did you use the 1960s as your comparator? Secondly, were we doing something in the 1960s that we're not doing now that would cause this increase per 100,000 in crime?

Dr Waller: The 1960s is basically when varietal crime statistics were established in Canada. Were we doing something—we know that society is very different from the 1960s. Basically, families were relatively stable, communities were reasonably stable, and what happened between the 1960s and now is a much more urbanized society, a change in the family, which means that you now have many more single mothers below the poverty line. The problem basically is that you've been asleep at the switch because the crime rate has been going up slowly all that time and you were trying to use the methods that were or were not effective in the 1960s, which was that you waited until somebody had committed an offence, then you tried to arrest them and then you tried to do something about them. What was seen is that when you actually looked at the causes and how you could intervene on those causes, you got—there's no other word for it—spectacular results. The problem in Ontario is that we have very professional policing, very professional lawyers, great courts, wonderful prisons by international standards, but these are not the solution to crime.

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The Chair: We'll move to the official opposition.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Thank you, Mr Waller. I agree with you on the importance of prevention in dealing with these issues. I want to get a feel of—you indicate that we should be allocating 5% of justice spending in this area. What percentage are we allocating now? I think of a variety of programs that I've been involved with: Crime Stoppers, Neighbourhood Watch, the VIP program in schools, RIDE programs, other community groups fighting drinking and driving.

Many of these involve community allowances. I guess my question is, what percentage is now allocated to prevention through these kinds of programs, and have you done any evaluation of any of these programs?

Dr Waller: There have been extensive evaluations of all the programs you've mentioned. There are relatively few evaluations that have been done in Canada and certainly the group I represent thinks that it is long overdue for these evaluations to be done in Canada. However, if you look to the material used for the United States Congress that evaluates Neighbourhood Watch programs in the United States, UK, Australia, Sweden and the Netherlands—all the countries which have evaluations—the sorts of Neighbourhood Watch programs that we do here don't work. They're run by the police; they're not run in the areas where they're needed. If you were to look at Neighbourhood Watch in this city, for instance, you would find it's all in the low-crime areas—and by the way, those were low-crime areas before Neighbourhood Watch got going. Neighbourhood Watch, as organized in this country, does not work. If you have a well-organized Neighbourhood Watch, like was done originally in Seattle or is being done like the reduction program in the UK or is done by Montreal—Montreal reduced burglaries by about 60% over a three-year period through a city-level program. It's not a police-run program, it's a city-level program. So you can make it effective, but you have to do it very differently from how police in Ontario have done it.

Mr Barrett: Are you suggesting that there's a problem in *[inaudible]*?

Dr Waller: I think it's a problem that, yes, they need to be done outside of the police, based in city hall, because that's how we can be sure that they're based on prevention rather than enforcement. The main thing the police are set up to do is enforce and, yes, they want to get closer to the public, so they organize these sorts of programs, but they do not organize them in a way to reduce crime and there's no evidence in this province that any of these programs have reduced crime. The drinking-driving one is the exception, and VIP is possibly an exception.

The Chair: Thank you for your presentation.

OTTAWA-CARLETON ELEMENTARY TEACHERS' FEDERATION

The Chair: I will call the Ottawa-Carleton Elementary Teachers' Federation. Come forward, please. Good morning. You have 20 minutes for your presentation. You may allow time within that 20 minutes for questions if you so choose. I would ask you to state your names for the purposes of our recording Hansard.

Mr David Wildman: Thank you to the committee for this opportunity to present. I'm David Wildman, president of the Ottawa-Carleton Elementary Teachers' Federation. With me is Paul Dewar, our vice-president.

The Ottawa-Carleton Elementary Teachers' Federation represents approximately 3,000 teachers. We are

affiliated with the Elementary Teachers' Federation of Ontario. All of our members are employed by the Ottawa-Carleton District School Board. As an organization, we are dedicated to representing the interests of our members and promoting the importance of our profession and public education.

As the committee knows, I think, the provincial body, ETFO, has presented to the government on four main provincial issues: that the funding formula be amended so that all elementary teachers have 200 minutes of prep time as a minimum; that smaller class sizes be implemented; that the government reinstitute the five professional activity days, so we would return to the number of nine that was there; and that there be improved beginning teachers' salaries. Our presentation will focus more on the local, Ottawa-Carleton.

The recent election has had an immediate effect on teachers, parents and others in the educational community, largely because of the commitment made to public education in the Liberal election campaign. The promise to address funding shortfalls and to address overwhelming administrative workloads for teachers brought many of our teachers to the polls, eager to cast a ballot for change. Both the Premier and the Minister of Education have expressed confidence in Ontario's teachers and respect for their expertise and efforts on behalf of Ontario's children. This is a welcome change from the government media campaigns of the last few years. This new approach has certainly been a breath of fresh air for our teachers.

However, in reality the conditions experienced daily by both teachers and students are in fact largely unchanged. The restrictive funding, the underfunding, reduced staffing, lack of resources, lack of professional development opportunities and overwhelming administrative duties which take teachers away from actually working with children continue to be a fact of life despite the change in government. Funding and local autonomy are ongoing problems.

Mr Paul Dewar: Hi. I'm Paul Dewar, vice-president of the elementary teachers' federation locally. I'm going to talk about some specifics in terms of concerns here in Ottawa. There are many outstanding issues that the government needs to address, in our opinion.

Twinning of schools was introduced by the ministry supervisor to save money by cutting principal positions. The Ottawa-Carleton District School Board has 22 schools that have a "twinning" principal. That's a principal who is shared between two schools. The practice of twinning has meant less support for teachers and students. This has raised concerns around safety for children and can only be addressed with additional funds for the Ottawa-Carleton District School Board.

The closure of the Ottawa-Carleton Educational Media Centre last year by the supervisor: This centre was a cost-effective way of sharing books, videos, science kits and other classroom resources in our local school board, but was closed due to lack of funding. This was a model where all of the boards came together as a service

provider, where all of the videos and books and that kind of thing had one place where they were housed and then could be sent out to schools upon request. That was shut down and now those books are floating around somewhere but they're not organized. They're a resource that teachers use.

The reduction in the availability of funding for outdoor education centres has resulted in a reduction of staff and a board policy that they become self-sustaining. The immediate result has been the implementation of user fees. The result is that these centres are not equally accessible, having the most effect on those schools that are located in lower socioeconomic areas.

Special education remains an area of crisis for children and teachers. The waiting list for children waiting for assessments here in Ottawa has actually gone up. It's over 4,000. Those are people waiting for assessments to get help. We believe children can't wait for a more optimistic budget forecast. Their learning challenges should be dealt with immediately. By the way, those currently identified have reduced staffing. In other words, children who do get the testing do not have the teachers and the teacher aides who can meet their needs presently. One problem is the actual identification of those children; the second is the service ability once they are identified.

Teachers are constantly confronted with new programs without sufficient training and resources. Often the training is done under the promise of the "train the trainer" method. This is not effective, particularly when you are dealing with new ideas and expectations like a new curriculum. Don't train the trainer, train the teachers, please.

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Real professional development: The government should begin by the reinstitution of the five professional activity days for teachers, providing a total of nine days per year. This will allow teachers the time to work with each other to improve their teaching methods. It will also allow more experienced teachers the time to work with teachers who are new to the profession. As Mr Wildman said, this is something that provincially we're asking for. And by the way, it's a non-cost item. You're giving teachers time; it's not about money.

The other issue I'd like to bring up is the redirection of \$50 million spent annually on the EQAO office and administration. Put that money into teacher training and student learning opportunities. The money spent on standardized tests is an area where the government can save money and at the same time improve education for our children.

English as a second language is an area that is in desperate need of resources. While the government did inject some money in December, ESL is still underfunded and the provincial government should insist that the federal government share in this responsibility. That's an outstanding issue with the federal government. Until this shortfall is remedied, the board must either cut the service to these students or take money needed in other programs.

Student accommodation funding must meet the real costs of keeping schools open. The formula for determining the amount of space to be funded must be reviewed. In Ottawa, funds must be taken from other programs to keep our "excess" space open, in compliance with the Minister of Education's request that there be a moratorium on school closures. We think these matters need to be reconciled in the upcoming budget. In other words, until such time as we have it straight, those areas that are "excess" capacity need to have dollars for them.

We have gone through the last eight years ignoring the basic cycle of school repair. Many of our schools are literally falling apart due to a lack of proper maintenance. This should be addressed and is not presently in the current funding formula.

Mr Wildman: While funding is always a challenge and we understand that everything can't be fixed at once, we call on you to implement the funding recommendations of the Rozanski report, address the local concerns outlined here and return a measure of local autonomy to school boards in Ontario.

We look at this budget as the first step in the government's commitment to provide the necessary funding so that teachers are able to meet the needs of their students. It's time to reinvest in education and other public social services and the quality of life in Ontario for all Ontarians. We think that's what people voted for in the last election.

The Chair: Thank you. We have just a little bit over three minutes per caucus. We'll begin with the government.

Mr Tim Peterson (Mississauga South): We've heard from probably 10 or 12 of the school boards about teachers needing more learning. We certainly participated in this election on the basis that we can work with teachers better than the previous government had. In all these presentations, I haven't heard of any mandate for teachers across the province to be sharing best practices or looking at ways to improve the productivity of the largest component of our budget. Do you have any way to facilitate this, and can you share it with us?

Mr Wildman: The short answer is no. I think that would be worth looking into, but I don't have an answer.

Mr Dewar: If I could just build on one thing, I mentioned the media centre locally here. That actually was a way and it could be a model exported around the province. Here in Ottawa-Carleton, we had all of the boards come together to share their resources, all the videos, books, science kits, that kind of thing. That brings down the cost to all boards. It's the idea of a consortium. Probably you're looking at—and this is not our expertise—transportation consortiums. It was essentially the previous government, but I think that's an idea.

We talked about saving money through the EQAO, which is \$50 million right there. You talked about best practices in terms of teaching methods. Reinstating those extra five professional activity days will allow us to do that. We're losing new teachers. We have a problem retaining male teachers. One of the things we need is

time. By reinstituting those five days—this is about teachers working together, sometimes in their schools with their principals as mentors, to talk about things. We don't have time to do that.

The Chair: Thank you. We'll move to the official opposition.

Mr Baird: Thanks very much. I appreciate your presentation.

What is the bottom line for this budget increase that you think would be fair and reasonable and would respect what you believe the result of the last election campaign was with respect to education policy? What sort of percentage number would make you say, "You know what? They kept their promise"?

Mr Wildman: I think the local school board would be better able to answer that question if they could begin the budget process this year by striking their budgets.

Going back to the media centre, we had a survey we put out that showed the board how it could [inaudible] if the media centre was cancelled, and they told us they couldn't entertain that because of the present budget situation. I can't give you a figure on that, but I do know when they talk about best practices, I have a survey here done by ETFO that shows that a mid-sized school board in Ontario spends about \$500,000 annually to verify their ISA grant applications. There's got to be a more cost-effective way of doing things like that, or changing the whole process of ISA grants. So there are ways that one can save within the current funding. Perhaps one of the things they talk about in funding is that the school boards have some local autonomy in where they put the funds they get. Definitely, there should be an increase in funding, as was set out in the Rozanski report. [Inaudible].

Mr Baird: A lot of parents we've talked to [inaudible]. Do you think there should be a [inaudible] to have textbooks, to say, "You know what? I'm going to [inaudible] textbooks but it's not going to do anything else"?

Mr Wildman: I don't think you should be putting teachers in untenable positions like you do now. For example, if you institute a new curriculum—whether that is a good curriculum or not, let's not go there. But if you introduce a new curriculum which requires new textbooks, you put the teachers on the hook for delivering the program without the resources. I think before we implement new programs, there should be a costing of what it's going to cost to provide the resources and to put the training of the new curriculum, the resources required, into place all at the same time, not ask the teacher, "Go ahead with what you can figure out now, and by the way, these performance appraisals [inaudible]." They need the supports to do the job.

The Chair: We'll move to Mr Prue of the NDP.

Mr Prue: Two areas: The first one is ISA [inaudible].

Mr Wildman: Well, no. One of the things that has a direct effect on the classroom is that those students who would normally be getting special help from special education teachers or speech pathologists or all the different support groups that help teachers in the school are taken

out of action, as it were, for upwards of a month to prepare ISA grants to justify this funding for these children's programming. I just think that's a very heavy administrative duty to put on teachers that takes them away from actually delivering programs to kids. So I think we need to reduce the number of times that IE—independent education—clients have to be reviewed for ISA grants. All the things connected with the administration of special education to justify new grants need to be reviewed and streamlined so that the teachers can spend 10 months of the year teaching kids.

Mr Prue: OK. We did get one deputation from, I think, school boards in Toronto [inaudible].

My second question relates [inaudible] to the EQAO and the \$50 million it takes. So you would take the \$50 million and you would put it directly into the costs of special ed? Where would you direct this money?

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Mr Wildman: There's a lot of places that we think it would be best utilized, but certainly in the classroom, providing resources to the teachers that they need, better than to test them [inaudible]. We never looked at those results [inaudible]. They have their own diagnostic tests that they run by themselves to help them meet the needs of most of their children. It's the children who need [inaudible] that they refer to the special education department and the appropriate waiting list. That money should be redirected to the classroom whether it's [inaudible] resources, more educational assistants to support teachers or resources that would help.

The Chair: Thank you for your presentation.

OTTAWA-CARLETON CATHOLIC DISTRICT SCHOOL BOARD

The Chair: I call the Ottawa-Carleton Catholic District School Board to come forward, please.

Failure of sound system.

Mr John Yakabuski (Renfrew-Nipissing-Pembroke): On a point of order, Mr Chair: If I could ask the committee's indulgence for a moment, I have a group of people here, some in the hall and some outside, who've made a considerable effort to join us here at this committee hearing today. They represent a group of landowners in Renfrew county which comprises between 1,500 and 1,700 members.

Mr Peterson: They're not all relatives, are they?

Mr Yakabuski: Just about, Tim, just about.

They made a submission to speak to the committee but were unsuccessful for whatever reason—I know there were a lot of submissions to speak—so we're looking for an opportunity for them to speak to the committee. We're going to ask for unanimous consent—I have a motion here that I'll read in a second—for this group to speak to the committee at the time set aside for the lunch hour. If they could have 20 minutes of that time, it would be very much appreciated. Our MP, Cheryl Gallant, is here to speak on their behalf as she is, as am I, well aware of and very concerned about their issues with regard to property

assessments. I have the motion here and I'll read that now if I could.

The Chair: You cannot read a motion on a point of order. You can ask for unanimous consent.

Mr Yakabuski: Can I have unanimous consent to have a motion?

The Chair: Is there unanimous consent to read the motion? Agreed.

Mr Yakabuski: Thank you. I'd like to ask the committee for unanimous consent to add an additional deputation to our agenda today. Considering the tremendous effort and the long distance people have travelled today to have their voice heard by the members of this committee, I feel it is only fair that we take the time to hear what they have to say. Therefore, I would ask for unanimous consent that the committee take 20 minutes of its lunch hour today to hear from representatives of the Renfrew County Private Landowners Association.

The Chair: Do we have unanimous consent? Agreed.

Mr Crozier: Just one point of order, Chair: I just think it should be noted, for those who are going to present—and I'm very interested to hear them too—that it could have been very simply done by the opposition having chosen them as their first deputation.

Mr Colle: Why didn't you choose them?

Mr Baird: We put the children first.

Mr Crozier: Just one more point: Obviously you didn't think enough of it when the list was put in—

The Chair: That's not a point of order.

Mr Colle: On a point of order, Mr Chair: I'd like to know who the substitute members are, who the actual members of the opposition are. It's hard to keep track.

The Chair: Mr O'Toole and Mr Barrett.

Mr Colle: So you can seek unanimous consent without being a voting member.

Interjections.

Mr Colle: Just in terms of process, this means that basically the opposition party, who chose not to put this group on its list, is now saying they are ordering us to put them on the list when they didn't find it necessary to put those people on. The question is, why did they not allow these people to go on the list? I don't understand.

The Chair: That's not a point of order. I've called the next group forward. The Ottawa-Carleton Catholic District School Board has the floor.

Interjections.

The Chair: Order, please. We have people waiting to do their presentation.

I apologize for the interruption. I want to remind the Ottawa-Carleton Catholic District School Board that you have 20 minutes for your presentation. You may leave time for questions within that time limit if you so desire. I would ask you to identify yourselves for the purposes of Hansard.

Ms June Flynn-Turner: Thank you very much. I'm June Flynn-Turner, chair of the Ottawa-Carleton Catholic District School Board. On my right is James McCracken, director of education. To my left is David Leach, [inaudible].

[Inaudible] information and history of our board for those of you who may not be too familiar with it, but I'm not going to go through that this morning. What we do want to address are four areas of major concern that we have.

The first one is the facilities. With the moratorium that has been put on school closures, there is no option for school boards to generate money by consolidating existing schools. Our facilities [inaudible] has identified approximately \$50 million in construction needs that we have. That's \$15 million in renovations and additions to existing schools, a new high school and [inaudible] elementary schools [inaudible] the next five years. So what we're asking is that the government address the issue of funding in the schools during the period of the moratorium and identify [inaudible] by providing additional facilities that are needed.

The second area that we have some concerns with is that the government identified as a priority mandating smaller class sizes of 20 to 1 from junior kindergarten to grade 3. For us as a board that will require an additional 110 teachers in regular classrooms and will require another 25 French teachers. Some of our schools have adequate facilities [inaudible] to accommodate the increased number of classrooms, but for others which are already overcrowded, this will increase the overcrowding and they will be required to purchase and install approximately 54 more portables. When the government brings forward the legislation that mandates the lower class sizes, we're asking them for at least some consultation with boards beforehand in order for you to understand the additional costs and the additional pressures and to ensure that we're able to meet those.

There'll be additional costs also in the area of maintenance and utilities. Because of the additional costs of reconditioning portables, we're going to have extra costs there. This identifies that over the first year of implementation of the 20-to-1 class size there will be an \$11-million additional cost to our board and then in the following years it will be approximately \$9.5 million to \$10 million each year for the additional [inaudible] costs to the classroom itself.

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The next item that we have a great deal of concern with is the capital and the operating cost benchmarks. The benchmark to fund new schools as well as the existing ones has not been changed since 1998 and I think that now that [inaudible] since that time our costs have increased enormously, in some cases rather dramatically. With the removal of the cap on hydro, we're figuring there will be an additional \$1 million in costs, just for that alone this year, which [inaudible]. I think the government has to look at the cost of operating schools, whether it's utilities or maintenance and come up with a more realistic number that actually reflects what it costs to operate [inaudible] schools. We're hoping that is one area [inaudible].

The third area that's of major concern to us is employee compensation. Over the past five or six years,

other public service employees have received higher increases than employees in school boards. The government, because of the Rozanski report, gave a 3% increase this year for our employees, and most of our groups are getting another increase for next year. The problem is that our teaching staff have an end rate now of \$74,000. Our coterminous board has an end rate of \$76,000. So we're 2.5% short going into the next round of negotiations. We're hoping that the government will look at realistic salary [inaudible] equation for all the employee groups involved in education and address the [inaudible] that we have, which are quite significant going into the next round.

There are other areas, obviously, that we have concerns with, but those are the predominant areas, and we're hoping that the government will address those concerns and provide adequate funding for those areas.

The Chair: Thank you. We have about four minutes per caucus. We begin with the official opposition.

Mr Baird: Thank you very much for your presentation. [Inaudible] innovative [inaudible].

I wanted to talk about an issue, the electricity cap. You mentioned that it's going to cost you how much more?

Ms Flynn-Turner: Roughly a million.

Mr Baird: Do you think that for the consideration of this committee [inaudible] given that the government has lifted the cap [inaudible] voting for the cap and paying on the cap so that we can keep it through 2006 when more generation is brought on line. Would that be one of the things that you would support, that funding increase [inaudible] is beyond your control because of this legislation in place, their commitments to [inaudible]. Would that be one of the things that we look at?

Ms Flynn-Turner: Yes. The government is obviously going to have to look at our increased costs in this area but also in other areas, so whether it's gas or—

Failure of sound system.

Mr Baird: I wanted to follow up on the issue [inaudible] with respect to opening new schools and the operating costs for those schools above and beyond the per pupil grant to eliminate portables. Is there a challenge to that [inaudible] different challenges? Is that [inaudible] responding to the [inaudible] what kind of pressures do we put on? What type of recommendation can we make to the government?

Mr James McCracken: If I understand your question correctly, as you know, our school board has taken tough decisions [inaudible] in the last 10 years, so that we have the money [inaudible] south Nepean and Kanata and Orleans, in these three areas. When we mentioned the first issue that dealt with the perceived moratorium on closing schools, certainly there's a number of efficiencies that we realized by consolidating smaller schools. We have schools with 100 to 120 students that have a full-time principal, a full-time secretary, a full-time custodian and all the operating costs that attend that. We're consolidating, making our existing schools more efficient, have done to this point, so that we can have the money for [inaudible] schools. Down the way, we've listed here

for you that in the next five years we need three elementary schools and a high school. In the next 15 years, we need another seven schools. But this is a long-term problem that has to be addressed. I'm not sure if that answered your question.

Mr Baird: What recommendation could we make [inaudible]?

Mr McCracken: I think the first thing you should do is increase funding through the funding formula, as the Liberal government suggests, and separate the closing of one school from another school. We're not necessarily against that. But it's very clear that these new schools have to open. Right now, you're funded based on your total population, and across Ontario, as you may know, the demographic is going down. In the next 12 years, there will be fewer students in every school board. We cannot have a funding formula that says, if you have fewer students, you have less money, because [inaudible] areas [inaudible] in the suburbs, where parents will not have their kids bussed downtown to an empty school. So there has to be some disconnect between the closing of an inner-city school and the opening of a suburban school so you don't have one part of the board being pitted against another part of the board to satisfy the needs of students in the suburbs. Of course, if you don't give that funding, then we have portables. We have 265 portables in our school board right now.

The Chair: Thank you. We move to the NDP.

Failure of sound system.

Mr Prue: Turning to the problem of employee compensation, your board pays less than the public board. Historically, has it always been that way or has this just been since the last round of bargaining?

Mr McCracken: Historically, it's always been that way [inaudible] negotiations happening, and that becomes the benchmark for the highest level paid. [Inaudible] the benchmark is now \$76,000 in the province. For any board that is not meeting that, that's their first challenge. So our board is fully expecting our associations and teacher unions to come and say, "Get it to \$76,000 first and then 3% and 3% and 3%." As you know, the Conservative government had it such that all the boards will now be negotiating at the end of August, at the same time, and we have suggested that [inaudible] may be an option, rather than having two associations doing the same thing, because the same thing will happen again unless the numbers improve.

The Chair: Thank you. We'll move to the government.

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Mr Colle: Thank you very much. On page 5, you mentioned the new costs for hydro. It could cost you \$1 million. Correct?

Mr McCracken: Yes.

Mr Colle: As you know, the previous government had appointed one Bill Farlinger to head the generation side of hydro, called Ontario Power Generation. It has been found out that he had a salary of \$1.6 million. He spent \$154,000 in expenses; he entertained—

Mr Baird: Point of order: Mr Farlinger made \$250,000. I will guarantee that. That's totally, totally wrong.

The Chair: That's not a point of order. Mr Colle, continue.

Mr Colle: It has been found out that he was entertaining friends and relatives overseas in luxury resorts, he was wining and dining friends and relatives at the Air Canada Centre, he was ordering lavish meals at Raptors games, he was on international cruises with his family and friends while he was employed by this government to watch over Hydro and control its costs.

Do you think that as a government we should try and get some of that money paid back, and get Mr Farlinger to return all of the salaries and monies that he spent on these lavish events so that money can be given back to municipalities—

Mr John O'Toole (Durham): Mr Chair, he hasn't spent one second talking about education. He's slurring a personality and I believe it's a libellous comment.

The Chair: Order.

Mr Crozier: Get out, John.

Mr O'Toole: It's absolutely absurd. This is an education community we're speaking with. You're on some sort of—

Mr Crozier: We're giving you an education.

Mr O'Toole: You sure are. We know what your priorities are.

Mr Baird: It took us at least five years to get it there.

Mr Crozier: And you stayed that way for a long, long time.

The Chair: Order. I ask the committee to come to order, please.

Mr Colle: Do you think as a government we should go after that money?

The Chair: Mr Colle, you have put your question to them.

You may answer the question, if you would.

Ms Flynn-Turner: I haven't given it any thought. I know what our needs are and that's about all I can comment on.

The Chair: We have about one minute left.

Mr McNeely: There was a quote of some \$1 million per year, and you have high energy costs. I was part of a better budgets program in Ottawa a few years ago that dealt with that cap. I just wondered, with the new costs—I think the Liberal government has been proceeding. We don't want that \$800-million shortfall again because of the cap. Is there any motion by the school board to look at energy conservation in your buildings again? Because we have a higher cost of energy and we have new technologies on the market.

Ms Flynn-Turner: Absolutely. We have an entire program [inaudible].

Mr McCracken: Yes, we have a program that was put in place about a year ago that involves students in [inaudible] learning, and we make sure that we do reduce them [inaudible] and we have achieved significant cost

reductions in doing that. But there's only so much you can do.

The Chair: Thank you for your presentation.

RAILWAY ASSOCIATION OF CANADA

The Chair: I'll call the Railway Association of Canada.

Mr Baird: On a point of order: I'd like to put a research request in to find out the salary of the chair of Ontario Hydro—is it \$250,000 or is it the libellous, slanderous [inaudible] Mr Colle made—and that it be distributed to the committee to show how wrong he is.

The Chair: I'll ask research to do that.

Mr Crozier: The former Minister of Energy is very indignant. He's the one who paid him and let him—

The Chair: Order. The committee knows that we're working through the noon hour. I hope you are calculating—

Mr Colle: Point of order: Could I also include all the expenses of the former chair of Ontario Power Generation, all the expenditures he made, all the expenses he expended on his expense account while he was employed, if you could include all of those in the information.

The Chair: Research will attempt to find that.

Interjections.

The Chair: Order, please. We have the Railway Association of Canada. Gentlemen, you have 20 minutes for your presentation. You may allow time within that 20 minutes for questions if you so desire. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr Bruce Burrows: Good morning. My name is Bruce Burrows, vice-president of the Railway Association of Canada. The Railway Association is pleased to present a short brief to the standing committee on how the rail industry of this province can help do more for Ontarians under a modern fiscal structure, where we can help by achieving a better quality of life—one that is not only more prosperous by facilitating the competitiveness of Ontario shippers, but in particular a life that is environmentally sustainable.

Joining me today is James Allen. James represents one of the 23 railways in Ontario. He is general manager of the Ottawa Central Railway, a viable short line in his part of the province. Chris Jones is our director of provincial government liaison for the association.

Mr James Allen: Good morning. In Ontario, the railway industry employs approximately 10,000 people. The Railway Association of Canada has 23 members, including 15 short lines, of which the Ottawa Central Railway is one.

The Ottawa Central Railway handles a wide range of products, including pulp and paper, forest products, chemicals and industrial goods, shipping all over North America, down into Mexico and to ports for export.

As a short line, our greatest challenge is when it comes to infrastructure upgrades. At the end of the day, there are just not enough dollars available from our

operations to deal with the upgrade on infrastructure. There is a great deal of infrastructure: the rail industry operates 12,000 kilometres of track in the province.

Ontario trade gateways handle 65% of Canada-US trade, including 80% of the Canada-US rail trade. GO Transit has a significant presence in the province. There is also a significant supplier presence, including National Steel Car, General Motors and Bombardier plants in Thunder Bay and Kingston. Ontario railways were forecast to spend approximately \$323 million in capital stock additions in 2003.

Virtually 100% of interprovincial and Canada-US finished auto traffic moves by rail.

Rail moves over 90 million tons through Ontario annually, equivalent to over five million truckloads. That's a lot of rubber off our highways.

Algoma Steel traffic to the new Hamilton facility alone will reduce Highway 400 traffic by 10,000 trucks per year. DaimlerChrysler, shipping 120 truckloads a day worth of auto parts by trailer-on-train service between Detroit and Toronto—over 40,000 trucks off the roads.

There is a need to recognize the contribution rail makes to addressing freight movements and freight movement challenges in the province and to Ontario's economic growth.

International trade is growing three times faster than domestic trade. Using rail to help handle more freight would produce major savings in public infrastructure costs, particularly on Ontario trade corridors.

Given the urbanization and demographic trends, future growth in the GTA and southern Ontario will require massive new spending on highways, with a commensurate increase in consumption of land and the negative environmental impacts.

Mr Chris Jones: The transportation sector, in our view, is clearly not sustainable in financial terms [*inaudible*].

We believe there will be significant pressure to raise taxes to pay for roads and their maintenance. We know that at the moment the 401 highway vies with the San Juan freeway as the most congested road in North America.

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In part this is because we lack full-cost accounting and road user charges on our system. Many other jurisdictions and governments in the world have moved in this direction, recognizing that the way governments [*inaudible*] finance highways fails to incorporate the long-term costs of financing land acquisition debt. Hence governments around the world are being asked to look at that and to rectify it. Just this last weekend in London, England, most of the European nations got together to look at systems of full-cost accounting and had to deal with this.

Some of the impacts of moving more freight and people by road are unsustainable. In terms of accidents and safety concerns, we know that policing and emergency scene attendance is a huge issue. Gridlock and delays in delivery are estimated to be about \$2 billion

annually in the GTA alone. A less well known impact which we describe as an externality is the health costs, not just of people involved in the accidents and so on, but in a more insidious manner the air pollution result in Canada and southern Ontario having one of the worst rates of asthma in the industrialized world, with huge numbers of children being admitted to hospital for that and emissions from coal-fired generation.

Rail accounts for about 4% of all transportation sector GHG emissions. That's despite carrying about 66%, by weight or volume, of goods. Rail has increased its revenue per ton-kilometres by 28.2% over the last 12 years, but total GHG emissions fell by 0.6% over that same period. So we're moving more and emitting less. Almost two thirds of the 26-megatonne increase in transport sector GHG emissions between 1990 and 2000 came from the road freight sector while rail—in fact, rail, as I was saying here, reduced its emissions by about 1% of the total. Finally, we think rail's multi-modal and intermodal services are a viable solution to the growing problem of GHG emissions, essentially containers and truck trailers on the flatbed rail cars.

Mr Burrows: Turning to page 9, the nub of our presentation today is taxation. Taxation in Ontario is limiting our ability to further contribute to the economy. We see that we have reported taxes running up to about \$120 million, almost \$150 million a year.

The real concern today is property tax. Turning to the next page, railways pay property taxes for railway corridors which they finance and get few services for. We are paying \$20 million of property tax in Ontario on our corridors. This is after a massive increase to the values, of 50%. In contrast, commercial road users pay no property tax for the benefit of using roads. Privately run toll roads such as Highway 407 are tax-exempt. Our property taxation levels overall in this province are the second highest in North America. Making railway property taxation more equitable with competing jurisdictions in both Canada and the US and equitable vis-à-vis the other modes, in particular the transport mode, would permit railways to offer lower rates to Ontario firms and industries, thereby making them more competitive in the North American marketplace. The government of New York, for example, recognized the problem recently last year and they introduced and passed legislation to reduce property tax for railways by an average of 45%.

There are a couple of other concerns which I will note, but I'm not going to be spending much time on those issues. These are issues that need to be addressed when the budgetary conditions are appropriate in this province, and they're issues that aren't particular to the rail industry. I'm speaking in particular of capital tax. I think Ontario will want to get back on track, phasing out the capital tax regime. It's clearly a disincentive to investing. It's something that the federal government has clearly recognized now. And the issue of business tax rates, which seem to be creeping back up in the opposite direction, is probably more appropriate to having a sustainable economy in Ontario in the long term.

But just turning, in summary then, to page 14, we at the rail industry association are eager for the government to conclude the long-standing review that has been underway for over two years now of Ontario's property tax regime. There is an outstanding issue of maintaining the freeze for 2003 and 2004, and moving to address, on a longer-term basis as a first step, looking at a reduction of 25% of the education component, which is an item already on the table.

In summary, I would just say, turning to the last page, that Ontario's railways are making a significant contribution to the economy, but if we're to play an even greater role in addressing the challenges that Mr Allen and Mr Jones just outlined, then certain fiscal barriers need to be removed and Ontario could easily attain a world-class *[inaudible]* if it finally addressed the property tax problem on the rights of way in this province. Then I think we can get well underway on a more equitable, balanced transportation regime for the province.

The Chair: Thank you. We have about three minutes per party and in the rotation it's the NDP.

Mr Prue: Thank you very much. I have to tell you I am quite supportive of more *[inaudible]*.

My question to you comes back to the tax. This government was elected saying that it wouldn't reduce taxes and it wouldn't raise them either, other than *[inaudible]* corporate tax. You're asking them to reverse that? *[Inaudible]*.

Mr Burrows: As I mentioned, we faced a 50% increase over the last 10 years, so we are looking to reverse that increase net. We're not looking for a reduction but that you take into consideration *[inaudible]*.

Mr Prue: Now in terms of the railways themselves—

Failure of sound system.

Mr Prue: What is it, precisely, other than tax, that the Ontario government can do for you to put the railways *[inaudible]*?

Mr Burrows: We are both federally and provincially regulated. Many of the lines which operate strictly in the province of Ontario are actually provincially regulated.

Mr Prue: That's news to me.

Mr Burrows: That started in the mid 1990s when new legislation was brought in at the federal level that finally allowed a number of small railway companies to be formed. Hence we now have, in fact, right across the country, 60 railway companies. Of the 23 in Ontario, 15 are short lines. Most of the short lines are all strictly provincially regulated. Those that go across the border into Quebec, for example, are federally regulated.

Mr Prue: I noted with some interest an article in the newspaper—

Failure of sound system.

Mr Prue: What would you need from this government to assist in getting into that kind of transportation, getting out of cars, getting out of airplanes, and putting them on a line at 500 kilometres an hour?

Mr Jones: One of the dying acts of the Chrétien government was to announce \$690 million to put toward high-speed rail—

Failure of sound system.

Mr Jones: But some initial down payment would have to be made on improving the right-of-ways. We're not talking about electrification. We were talking about running high-speed commuter trains that use jet engine technology. We think the numbers are there, the densities are there with auto. There's obviously resistance from other modes *[inaudible]*.

The Chair: Thank you. We'll move to the government.

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Mr Peterson: Have you done a more detailed—you seem to have done a massive amount of *[inaudible]*. If you choose to share that with us—not just the *[inaudible]* but also the road wear aspects?

Mr Burrows: We'd be pleased to. We also have quite a bit of micro-analysis on *[inaudible]*.

Mr Jones: You have in front of you a piece by the president of the railway association—

Failure of sound system.

Mr Jones: —heavy axle vehicle trucks. Remember, only about 50% of the damage they do to roadworks is *[inaudible]*. There's significantly more damage done by *[inaudible]* than a passenger vehicle.

Mr Burrows: Those are independent studies that have been done in both Canada and the United States and they all tend to merge on that *[inaudible]*.

Mr Peterson: The specific costs would be appreciated. Also—

Failure of sound system.

Mr Burrows: We'd be pleased to.

The Chair: Mr Zimmer, you have about a minute left.

Mr David Zimmer (Willowdale): On these 15 short-line operations, what sort of revenues *[inaudible]*?

Mr Allen: If you're asking about *[inaudible]*, I don't have the specific lines in front of me. *[Inaudible]*.

Mr Zimmer: On the taxation side, do you include licensing? Are there any licensing fees? *[Inaudible]*.

Mr Jones: I think the point to bear in mind is that short-line railways tend to be smaller—

Failure of sound system.

The Chair: Thank you. We move to the official opposition.

Mr O'Toole: Thank you very much. I think this is an important sector. I agree with you *[inaudible]*. In that respect, just a comment first, then a question. The comment is basically the way the fixed mode of transportation is rail. Can you tell me, in all the statistics around *[inaudible]*, what other solutions would you see—

Failure of sound system.

Mr O'Toole: That's one of the reasons they moved to the rail system from an integrated system *[inaudible]*. Chrysler uses that. It's not that they're really popular, because it does involve a whole infrastructure. I noticed in property taxes *[inaudible]* issue, you say it's a linear tax problem. You claim that we weren't listening, but we understand. Do you think the tax break applies to the land *[inaudible]*?

Mr Burrows: To answer your first question, you [*inaudible*] rail-truck. In fact, that's the fastest-growing sector of the industry today. In the last five years, we've seen 5%-plus growth per year. Looking at the cross-border flows, for example, the issues where the auto companies have been very active intermodally, we've seen 3%-4% market share growths because the auto companies are fed up with [*inaudible*] and the inventory control problems associated with that, coming in exclusively on the highway system. We've introduced, over the last five years, numerous new intermodal services which are, for the first time, actually pretty time-sensitive and service-friendly: overnight service now that hasn't existed in 40 years between Toronto and Montreal on a service called Expressway. That's branched right down now into Detroit, so the auto companies are using it cross-border. It's very, very successful [*inaudible*].

On your question about taxes, the question was—

Mr O'Toole: The rate itself. In a minute or so [*inaudible*].

Mr Burrows: They're broken into [*inaudible*]. After the 50% increase I mentioned earlier, they froze it at that 50% increase level, broken into nine geographic zones, actually. So the railways, each line is in one of those nine zones and there is a common average freight rate that is applied to the right-of-way.

The Chair: Thank you for your presentation. Any information requested by members of the committee, if you would provide that to the clerk, and then we will give it to all members.

Mr Burrows: Thank you very much.

CANADIAN UNION OF PUBLIC EMPLOYEES, LOCAL 2204

The Chair: I call the Canadian Union of Public Employees, local 2204, Child Care Action Network, to please come forward. Good morning. You have 20 minutes for your presentation. You may allow time within that 20 minutes for questions. If you would please state your names for the purposes of Hansard, you may begin.

Ms Jo-Ann Hightower: Good morning. My name is Jo-Ann Hightower, and I am the coordinator of a local child care centre in Ottawa and a member of the Child Care Action Network.

Ms Shellie Bird: I'm Shellie Bird, with local 2204, child care workers of eastern Ontario, and a member of the Child Care Action Network.

Ms Hightower: Before I begin, just let me say that lobbying is not a strong point of mine. I feel much more comfortable being in the presence of children. I will read directly from my notes.

Mr Crozier: There are children here too, so don't feel bad.

Ms Hightower: I won't comment on that.

Who are we? The Ottawa Child Care Action Network represents non-profit child care agencies, associations, groups, child care workers, children's services and advocates living in Ottawa. We are a local network of the

Ontario Coalition for Better Child Care. Our purpose is to build momentum in our community to support, protect and expand regulated child care and its workforce in the city, the province and the country for children and families.

Before we get started, what is high-quality child care? Extensive research shows quality child care programs have high adult-to-child ratios, consistent caregivers, small group size, well-trained and compensated staff and healthy, clean, safe environments. These elements have been found to exist when there is adequate government funding for a not-for-profit delivery model, parental involvement and enforced regulatory standards and it is linked to community and parent services.

Ms Bird: I would like to quickly go through what is happening in the city of Ottawa with its child care system, and also relate it to what has been happening in the province of Ontario over the last eight years. Currently, there are over 94,000 children zero to nine years old living in our city. There are currently 11,300 licensed child care spaces, of which 6,850 are subsidized. With over 70% of young children needing access to non-parental child care, while their parents work or study, this means that only 10% of children can access high-quality child care, the kind that we know is best for them. Wait-lists in the city of Ottawa for infant and toddler care can be up to two years.

Two local research projects, the Women's Access to Municipal Services and the Success by Six community gap in service analysis found child care to be the highest unmet need among families with young children. It found that women in Ottawa identified the inability to access quality child care as a barrier to finding and keeping work or participating in employment, training and other city programs. Women identified not knowing how to access subsidized care, long wait-lists and inaccessible locations as barriers to accessing child care.

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These findings are disturbing in light of the fact that our city has had a strong understanding of the importance of, and a commitment to, regulated high-quality child care in our city. This situation instead reflects the results of chronic provincial underfunding. Eight years of provincial cuts, together with increased pressures on city budgets as a result of downloading, are witnessing a retreat from this long-standing commitment. This retreat began last year when our city was forced to eliminate 170 licensed child care spaces and placed a moratorium on the capital child care reserve fund as a way to stabilize the child care system in Ottawa and to balance the city's 2003 budget.

Another issue we wrestle with in the city, that is being wrestled with across the province of Ontario, is the 2003 out-of-court settlement on the charter challenge on proxy pay equity. The pay equity settlement did not fully address the financial requirements of all child care centres and operators. The settlement failed to provide funding for retroactive payments incurred by a majority of employers who met this legal obligation, at the

expense of other vital operational and capital needs for each centre. Also, this out-of-court settlement only extends until 2006, so we're not sure what's going to happen to the obligations of parent boards of directors or the situation faced by the, largely, women who work in this field if proxy pay equity is not continued.

The continued absence of provincial leadership for this financial and legal obligation has resulted in uneven and haphazard adherence to proxy pay equity plans, a situation that puts operators in violation of proxy legislation for failure to close the wage gap between the proxy sector and their comparator.

The elimination of minor capital grants and the initiative for locating child care centres in schools, the Bill 34 education funding formula, mean that our city is unable to expand services to meet the needs of families and children. School closures have seen centres face closure because they cannot afford the cost to move. In the past, our city has been there to provide support when centres have faced this problem. Clearly, the city is saying, "Tough. You cannot count on us in the future."

The effects of tightened provincial child care subsidy criteria and the new class of subsidies created for Ontario Works clients have created a situation where there is huge unmet need on the one hand and subsidized spaces sitting empty in child care centres on the other. These centres are struggling to run quality programs while trying to keep their doors open.

Provincial downloading and increased funding and delivery responsibilities have created a deficit in the city of Ottawa's 2004 operating budget. In order to deal with it, the city has undertaken a universal program review to address the \$109-million funding shortfall. The purpose of the universal program review was to provide residents with an opportunity to set budget priorities for 2004.

At this time in the city of Ottawa, we are facing possible service reductions with the removal of 295 subsidized child care spaces and 151 licensed spaces, with the reduction of three municipal child care centres, and municipal child care centres are the highest level of quality services, not only in this city and our province but across the country, and it's these kinds of centres that are currently under attack. In the worst-case scenario, we could see the removal of 1,400 subsidized child care spaces and the closure of nine municipal child care centres, a loss of 410 licensed child care spaces, 138 licensed home child care spaces, and a reduction in Ontario Works child care spaces by 587. We are also looking at a 10% reduction in administration of subsidy reviews for parents, which means parents and families will be waiting longer to access child care spaces and, at the same time, spaces will be sitting open for longer periods of time, causing huge financial problems for centres.

Child care in Ontario today is in crisis. There is no coherent system, and the supply of child care spaces needed to meet the needs of families with young children has been stagnant since 1995. Child care programs report financial crises, difficulty recruiting and retaining trained

staff, escalating fees and deteriorating physical environments. As a result, many regulated child care programs struggle to deliver developmental environments, and even when quality services are available, most families cannot afford or access them.

Ms Hightower: Why is high-quality early learning and child care important? Research and experience show that regulated high-quality child care is good for children, their families and society. Regulated child care ensures high-quality services that support a child's development and support parents' needs to work and study. High-quality early learning and care is the foundation for life-long learning for all children, a fundamental element in reducing poverty, ensuring women's equality, providing equity for children with special needs and fostering social inclusion.

Evidence from research shows that non-profit child care centres, nursery schools, kindergartens and family daycare are more likely to be of high quality if they are well regulated by government, operate on a not-for-profit basis, are supported by adequate public funding and provided by trained, skilled, well-compensated professional educators with backgrounds in early childhood education and care.

Quality early learning and child care should be a vital service. Researchers and national and international bodies such as the Organization for Economic Co-operation and Development, the European Union and the United Nations recognize that early learning and care is a key component of a solid social and economic foundation for societies; social justice; social determinants of health; crime prevention at the community level; social equity and inclusion; and human development and freedom.

Quality early learning and care provides many benefits to society, including economic ones. Canadian economists have calculated that every \$1 invested in high-quality child care brings in \$2 in future social and economic benefits. If Canada made high-quality child care available to all two- to five-year-olds, the immediate benefit to our economy would be greater employability for parents, higher income and taxes paid by parents, and savings to the social welfare system. Down the road, there would be similar benefits projected for the children because early childhood education is linked to academic and career success.

Setting the stage for a national child care strategy:

(1) The value of a national, provincially managed child care program is well recognized. Families across Canada as well as in all regions of Ontario need a system of universal, high-quality programs. In ensuring that this becomes a reality before more children grow up, all three levels of government have roles to play.

(2) Setting national goals and targets demands a strong federal leadership role and financial resources as well as federal collaboration with the provinces. Ontario must play a key role with the federal government in urging such national engagement.

(3) Ontario's cities and municipalities have borne the brunt of Ontario's downsizing and devolution in the past

eight years. Ontario municipalities, unlike those in the rest of Canada, have had a key role in operating, administering and planning child care since the 1940s, and have played a key role in how the system has been developed.

(4) Canada's cities are more and more being understood as the economic engines of growth. They play a vital role in the well-being of our nation and must be given the tools they need to manage societies that are growing and becoming more complex. The provincial Liberal government needs to take an active part in negotiating a new deal that ensures cities can play a productive role in a national early learning and child care strategy.

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Ms Bird: We'll move on quickly to our recommendations. They do echo our provincial organization, the Ontario Coalition for Better Child Care.

The Ontario government must take a leadership role if it is to put its Best Start plan into action. The members of the Child Care Action Network support our provincial organization's recommendations to move forward on establishing a regulated high-quality child care system that is now commonplace in most developed countries.

First, we would like to urge the Ontario government to immediately address the current crisis in the child care system. Designate three quarters of the \$192 million federal earmarked for early childhood development programs from the 2004-05 ECDI to the regulated not-for-profit child care sector.

Replace the \$160 million cut from the annual provincial child care budget between 1995 and 2001 by the previous Tory government.

Use \$192 million from the federal government through the ECDI, \$30 million from the federal government's multilateral framework agreement and 160 million new provincial dollars to begin to stabilize current regulated not-for-profit child care programs.

We need you to review the subsidy system and remove eligibility restrictions for student parents receiving OSAP, families with RRSPs and RESPs over \$5,000, and parents looking for work.

Amend the education funding formula to ensure that space for existing and new child care programs in schools is available to the not-for-profit sector at no charge.

Direct school boards to incorporate space for child care centres in every new school in the province.

Take full financial responsibility for funding proxy pay equity adjustments and fund the wage enhancement grants so that every person working in the not-for-profit sector has a full wage grant.

Second, we would like the provincial government to keep its election promise to implement a universal, high-quality, regulated, seamless system of early learning and care services and develop a strategy for meeting this commitment.

Third, we would like the Ontario government to develop a policy framework and action plan for implementation to begin to put this system into place one year from now.

Fourth, the Ontario government must play a leadership role with the federal government and other provinces and territories to move toward a national child care program.

Finally—and this comes out of our experience in Ottawa at this time—our city needs strong provincial leadership to support our bid to negotiate a new deal for cities. The province must ensure our city has the financial means it needs to undertake the new funding and delivery responsibilities it has been saddled with as a result of provincial downloading. We also urge you to immediately amend the rules governing property tax assessment and to share provincial tax revenues with cities, beginning in the Ontario budget of 2004.

Thank you.

The Chair: Thank you. We have time for one question. In this rotation, it will go to the government. You'll have three minutes.

Mr Peterson: Thank you for your presentation. I think you [inaudible].

In my area, I have an early childhood centre. It focuses on teaching parents how to better work with their children and educate them one on one [inaudible]. In my situation, I would have thought a daycare centre would be more beneficial to the family unit and society, but I'm not qualified to make those decisions. Do you have any thoughts on how we can [inaudible] the balance in Ontario to provide better [inaudible] and better help largely to single mothers [inaudible]?

Ms Bird: Yes, it is in the brief. The Tory government's own Early Years study, which was done by Fraser Mustard and Margaret McCain, set out an ambitious plan for integrating and expanding a network of community-based programs across Ontario to provide early universal childhood education and care for working families. However, instead of implementing the recommendations, the Harris-Eves government chose to launch the Ontario Early Years centres. One is located in each riding.

These centres are completely separate from child care service management systems responsible for planning and coordination of children's services at the local level, which undermines the role that local governments have in planning for children [inaudible] nurseries. The Early Years centres—Margaret McCain and Fraser Mustard both came out with a second report damning the provincial government for not implementing their recommendations and spending all of the federal dollars on anything but child care, the highest unmet need identified by families in this province. Does that answer your question?

Mr Peterson: Yes.

The Chair: Thank you for your presentation this morning.

OTTAWA-CARLETON HOME BUILDERS' ASSOCIATION

The Chair: I call on the Ottawa-Carleton Home Builders' Association. Good morning. You have 20 minutes for your presentation. Within that time frame you

may leave time for questions, and I would ask you to identify yourselves for the purposes of Hansard.

Mr John Herbert: Thank you, Mr Chairman and members of the committee. Thank you for the opportunity to make this presentation. My name is John Herbert and I am the executive director of the Ottawa-Carleton Home Builders' Association. I've been involved in the residential construction industry for about 35 years. During that time, I've worked for municipal and federal governments and a range of private sector planning, land development and housing companies. I also spent three years promoting Canadian wood frame technology in Russia and former East Bloc countries for the Canada Mortgage and Housing Corp to assist those countries in developing new housing technologies.

I appreciate the opportunity to speak with you today to deliver an important message from our local association for the construction industry. First of all, I'd like to tell you a little about our local association and the Ontario Home Builders' Association.

The Ottawa-Carleton Home Builders' Association was created in 1951 and is the voice of the residential construction industry in this region of the province. Our association includes 340 member companies involved in all aspects of the industry. Together we employ approximately 20,000 people. Our local association is one of 31 that together form the Ontario Home Builders' Association.

The Ontario association is the voice of the residential construction industry in Ontario. As a volunteer organization, OHBA represents about 3,500 member companies across the province. Our membership is made up of all disciplines involved in residential construction. Together we produce approximately 80% of the province's new housing and renovate and maintain our existing housing stock. We estimate our industry directly employs over a quarter of a million people and contributes approximately \$30 billion to the province's economy every year. A recent report by Canaccord Capital calculated that the residential housing industry represents approximately 22% of Canada's total GDP.

Over the past several years, Ontario has generated tens of thousands of new jobs. Many of those new jobs were in residential construction. It's estimated that each average housing start generates approximately 2.8 person-years of employment. Therefore, with housing starts at 85,000 in 2003, Ontario's new housing industry directly provided over 238,000 person-years of employment last year.

Ontario's housing market in 2003 was very active and healthy. Starts last year were up by 2% over 2002 and reached a 14-year high of approximately 85,000 units. The housing industry was a bright spot in the provincial economy despite a series of unpredictable economic setbacks. Low mortgage rates, increased immigration to the province and high consumer confidence all contributed to strong sales in 2003.

The OHBA and its members are looking forward to another healthy housing market again this year. In fact,

we're forecasting 78,000 starts in 2004. Renovation spending is also on the rise, with about \$12 billion spent in this sector last year. The Canada Mortgage and Housing Corp expects another active year in the renovation sector and forecasts \$13 billion in spending for 2004. This certainly bodes well for Ontario's existing housing stock, which benefits from efforts to maintain and upgrade housing standards and technology.

Locally, the housing market began correcting in 2003, with starts down 18% from the extreme highs of 2002. This was the biggest municipal decline in Ontario, and we believe it was the result of a delayed reaction to the high-tech decline that began two years ago in Ottawa. Given that the high-tech sector is still not showing significant recovery, we believe that housing starts could continue to decline in Ottawa by as much again in 2004.

While most builders are very optimistic about the coming year, they do have some concerns and listed the top five barriers to growth as skilled labour shortages, increasing material costs, shortages in the availability of land, development charges and over-regulation.

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Excessive regulation and over-taxation on the home building industry has pushed the price of new homes higher and higher, which in turn has put home ownership out of the reach of many families. New housing is in fact the highest-taxed industry in Ontario, after tobacco and alcohol. Studies by the Urban Development Institute have found that the total taxes, fees and charges paid by a home buyer represented up to 30% of the cost of a new home. Development charges represent a substantial portion of these fees.

Not only do these charges contribute significantly to the cost of housing in the province, but there are serious concerns that some municipalities may be manipulating development charge calculations to increase revenues. Currently, many municipalities are in the process of preparing new background studies to be used in setting new development charge rates. The Ottawa-Carleton HBA and OHBA are very concerned that in some instances background studies have been prepared using very inconsistent and sometimes flawed methods of data projection, which has resulted in various municipalities implementing development charges that are artificially high. As we begin another round of studies and consultant reports to set new rates, we recommend that the government identify and correct abuses of development charges in the home building industry and intervene to ensure that the intent of the legislation, which is to reduce costs, is met. The OHBA seeks to ensure that builders pay only their fair share of growth.

I must also state our concern for potential changes to the land transfer tax rebate for first-time buyers of newly built homes. Since their introduction in 1996, rebates totalling approximately \$196 million have helped more than 135,000 Ontarians purchase their first home and have certainly contributed to the strong growth experienced in the new housing market. Our association supports provincial initiatives to target growth toward

brownfield and infill sites, but our membership is concerned that any changes to the land transfer tax may place new housing out of reach for many young families. We recommend that the province investigate other means of providing either consumers with a tax break for purchasing new housing in targeted growth areas or builders with incentives to build in targeted areas of the province.

The Ontario Home Builders' Association has been actively involved in the government's consultative process as it seeks to develop strategies for promoting and managing growth in ways that sustain a strong economy. Transportation links are extremely important in achieving balanced growth. It is critical that government ensures efficient transportation links between neighbouring communities and that mass transit is reasonably priced. The Ottawa-Carleton Home Builders' Association is in full support of government promises to allocate two cents per litre of the existing gas tax toward transportation infrastructure. While our members understand that the government has to make tough choices to wrestle down the \$5.6-billion deficit, we urge the government to move ahead with this promise as soon as possible. We recommend that if the full two cents per litre of gas tax cannot be allocated in full this year, it be phased in over time.

The shortage of skilled labour is a major concern for the construction industry in Ontario and has been a top concern for our membership for a number of years. The increasing number of skilled tradespeople retiring is not being offset by the numbers of young people entering this market. Informing and educating the public about the opportunities available in the construction industry, as well as dispelling some of the negative stereotypes associated with skilled trades is a major challenge for the industry and government.

In the past year Ontario has turned the corner in the production of private rental housing. Investors are now returning to this market and private construction of new rental units is increasing. Since the Tenant Protection Act was introduced in 1997, private rental starts have increased by 400%. In addition to new supply, since the introduction of the Tenant Protection Act landlords have invested over \$1 billion per year in upgrading and maintaining existing rental properties across the province. The culmination of this activity has resulted in over 30,000 jobs being created annually. Vacancies have increased significantly in urban centres across the province, and in some cases are the highest they have been in decades. In addition to this, rental rates are also decreasing, thereby making rental housing more affordable for tenants across the province. We believe this is proof that the Tenant Protection Act is working and we believe the proposal by the provincial government to repeal this act would have devastating consequences for the new rental construction industry.

The Ontario Homebuilders further recommends the elimination or lowering of development charges on rental units to increase the economic viability of private rental

construction. Government is encouraged to continue to review policies that discourage private investment in this sector. For those who simply cannot afford housing, our association recommends that the province provide shelter allowances. The private sector is prepared to work with the government to provide high-quality rental housing for tenants across the province. Adequate shelter is a basic necessity for all Ontario citizens and we continue to support the provision of shelter allowances for citizens truly in need.

Pressure from the underground economy continues to plague our industry, particularly in the renovation sector. On the provincial level, estimates range from \$1.1 billion to \$1.7 billion per year in lost tax revenue. Our association recommends that the government work together with industry to seek ways of encouraging customers to utilize the skills and services of legitimate, honest renovators and contractors.

Our association has some concerns and recommendations regarding the future of the Ontario Municipal Board. The OMB has served a vital role as an independent adjudicative body in the province of Ontario for over 100 years. There is a need for an independent and impartial body to pass objective judgment on appeals in the province of Ontario to ensure land-use decisions are made based on good planning in adherence to the stated goals of the province. The residential construction industry is, however, open to improving the system and recommends an increase in remuneration for board members as well as a lengthening of members' tenure. The planning system is best served by the province articulating its interests through the provincial policy statement, with municipalities adopting clear policies through their official plans. The industry strongly supports an independent OMB that provides checks and balances outside of the political process.

The importance of this can be seen in relation to the city of Ottawa's new official plan. Although there is always rhetoric about the need for public-private partnerships to maximize economies, it still is seldom recognized by local government. The city of Ottawa recently excluded our industry from discussions on its new official plan on the basis that we were a special interest group, instead of seeking our wisdom and guidance as the key stakeholders we are. Regardless, we attempted to provide input through the process and recommended 61 changes to the document that would have allowed a smoother and more effective implementation of the plan. I am sorry to report that not one of the recommended changes was made to the official plan. We are now faced with a document that will have an extremely negative effect on the housing industry, resulting in reduced consumer choice and significant increases in new home prices in Ottawa. The province must ensure a strong Ontario Municipal Board in order to protect the housing industry and consumers from the extremes that can occur in a transient local political environment.

The Ottawa-Carleton Home Builders' Association is in full support of government initiatives to balance the

budget. The residential construction industry has a valuable role to play in the elimination of the \$5.6-billion deficit. The residential construction industry contributes \$30 billion to the provincial economy and employs over 350,000 people in a variety of disciplines across this province. As the engine that drives the provincial economy, the residential construction industry pours billions of dollars into provincial coffers. The government would be wise to work with the industry to ensure that the housing and renovation industries continue to thrive in Ontario.

We also have one recommendation relating to Ottawa's unique strengths. Although our members are primarily responsible for building this great city, we also have positions on a broader range of economic development issues that affect all sectors. Public and private organizations are increasingly concerned with the environment and sustainability, and we believe that Ottawa is uniquely positioned to advance these strategies. Many of you will know the former city of Kanata as Silicon Valley North because more research and development occurs there than in the rest of Canada combined. We believe that the province could facilitate sufficient diversification of this R&D engine into environmental technology to achieve new job growth and worldwide sales. Most are familiar with Toronto's municipal solid waste problem but many do not know that the technology necessary to convert this material into energy is now available. Why are we talking about shutting down 30% of Ontario's electrical generating capacity because it's coal-fired instead of implementing new technologies that would reduce emissions to the same level as natural gas? One reason that environmental technology is not developing is that no one individual company or government is willing to risk the resources necessary to commercialize new technology. Ottawa has the research and development capacity and is home to municipal and federal governments. The province could coordinate a new program in Ottawa involving all levels of government and the research and development community to create a new and powerful industry that will provide solutions to many of the world's environmental and sustainability problems.

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Mr Chairman, members of the committee, I would like to thank you very much for your attention and interest in our presentation and I look forward to hearing any comments or questions you may have.

The Chair: Thank you for your presentation. We only have time for one party to ask questions, about three minutes. In this rotation it's the opposition.

Mr O'Toole: Thank you very much for your presentation.

Failure of sound system.

Mr O'Toole: It's a tax by any name. That \$50,000 is added on to the mortgage, and the young couple—that \$50,000 will carry over \$200,000 servicing that mortgage over a 30-year period. That is just unforgivable in a climate where we're talking about affordable housing. I

don't know what we've done, but *[inaudible]* has to be part of the solution; there's no question.

I guess my real question is, *[inaudible]* is to add on a little more of a development charge. Because it's kind of hidden. I'm blaming you, because it's buried in the price of the house. It's for building the hospital. I can tell you, in the hospital sector, in health services restructuring, *[inaudible]* 230 hospitals across the province. The number Duncan Sinclair dropped to us was about \$1.5 billion. That number is \$7 billion.

The question is, should they add a development charge for building hospitals *[inaudible]*? That's an important thing.

Mr Herbert: I'd have to respond no, I don't think they should add a development tax for hospitals into development charges.

Mr O'Toole: Why not? It's the number one issue, next to child care.

Mr Herbert: I think what we should be doing is trying to reduce taxes on new housing construction by *[inaudible]*. Part of our presentation deals with the need for local government to work with industry to find better solutions, more economical strategies, so that we can develop health systems as well as houses at affordable prices.

The Chair: Thank you for your presentation this morning.

ONTARIO ASSOCIATION OF RADIOLOGISTS

The Chair: I call on the Ontario Association of Radiologists. Good morning. You have 20 minutes for your presentation. You may leave time out of that 20 minutes for questions, if you so desire. I ask you to identify yourselves for the purposes of Hansard.

Dr Ian Hammond: Thank you to the committee for this invitation to make a presentation. My name is Ian Hammond. I'm a medical doctor specializing in radiology. I've been practising here in Ottawa since 1976. I'm the past president of the Canadian Association of Radiologists and I'm also a long-time member of the Ontario Association of Radiologists. My co-presenter is Mr Ray Foley, who is the executive director of the Ontario Association of Radiologists.

I'd like to present a brief overview of the issues that concern us. Mr Foley has some more specific recommendations which I hope will be of interest to the committee.

I represent a group of 40 radiologists. We provide radiology services ranging from simple things like chest X-rays to more complex examinations like MRI and CT scans, which some of you, or your family members, may have had to undergo. We do provide well over half a million of these examinations in the Ottawa region. We provide services at the three campuses of the Ottawa Hospital. We also send a physician out to the community every day, to Kemptville, to Winchester, to Arnprior, to Carleton Place and to Almonte; and we also help provide

services at community-based imaging clinics in Ottawa—one in downtown Ottawa and one in Nepean. So we provide services to a very large segment of the population of this region; probably about two thirds of all radiology service is provided by this partnership of which I am a member.

The issues which concern us here in Ottawa are not dissimilar to those affecting the province in general. Specifically, Ottawa has a very long waiting list for MRI scans. In 2002, the average resident in this region sat on a waiting list of about eight months for an MRI scan. In fact, there is a private scanner across the river in the city of Gatineau which offers services on a pay-as-you-go basis. Many citizens in the region are forced to use this scanner to get access to an MRI. One of the ethical issues there is that that allows them to jump the queue and subsequently get treatment more quickly than those who do not have the ability to pay for their scans.

The second issue of concern to us is outdated radiology equipment in the hospitals and the community clinics in the region. There are thousands of pieces of outdated equipment throughout the province, and things are no different here in Ottawa. Mr Foley will speak a little more to that.

The third very important issue, which I think tends to get overlooked, is the shortage of technologists. Technologists are the trained young men and women who attend community colleges. They actually do the hands-on operation of the CAT scanners and the ultrasound scanners and the MRI scanners. There's a very critical shortage of these young men and women. They're not being trained. The field is not attractive to them, and just as there's a problem with a shortage of nurses, so there is a serious shortage of technologists. That is another issue we feel needs to be addressed.

The federal government has responded at least to part of this need with the medical equipment fund, part 2, of which \$570 million is earmarked for the province of Ontario. We want to make sure that the elected members of the provincial Legislature are aware of this fund and that they have some say in how it is spent.

I will now turn the microphone over to Mr Foley.

Mr Raymond Foley: Yesterday, the federal government had its throne speech. I think there were the same messages which we're talking about here this morning. It was under the heading of "Partnership for a Healthy Canada." The federal government recognized that "The length of waiting" lists "for the most important diagnoses and treatments is the litmus test of our health care system. These waiting" lists "must be reduced." It went on further to indicate that a further \$2 billion of funding would be transferred to the provinces with the specific mandate of reducing waiting lists and to improve access to diagnostic services and also to provide more doctors and nurses and, by the same token, I think, other health care professionals.

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I think that's really the thrust of the remarks that I'm going to make in terms of an action plan to resolve some

of these things. Since the election, it appears that many members are not aware that the federal government in 2003 approved a \$1.5-billion medical diagnostic equipment fund as one of the recommendations coming out of the Romanow commission. As part of that \$1.5 billion, Ontario received an allocation of \$570 million. The objective of that recommendation was equipment renewal in clinics and hospitals across the province and indeed across the country, as this has been documented numerous times as a national crisis.

The thing that is astounding to us is that almost a year—10 months—has passed since the federal government made that announcement and no funding has been released, even though that funding is available to the provinces to draw down and to release.

I think more concerning to us, and I think perhaps it should be concerning to the members of provincial Parliament, is that there really has not been any kind of formal or public consultation with the public, with the experts such as radiologists and others as to how this funding should be used. More to the point, we are concerned that the discussion is really occurring within the Ministry of Health, with perhaps a deliberate sense that that's where the expertise lies and an announcement will be forthcoming. We don't believe that makes good public policy. I couldn't help but think, as the last presenter made his presentation, that instead of talking about home building or health care, we could have substituted our respective areas and made many of the same points about the issue of consultations and the lack thereof.

The significance of the \$1.5-billion fund is that this is not the first time that it has happened. In 2000 the federal government announced a \$1-billion fund to replace radiology equipment—that was across the country—of which Ontario received about \$380 million. It was intended to address issues of concern that had been expressed by both the Canadian Association of Radiologists, the national association, and the Ontario Association of Radiologists, which represents roughly 40% of the radiologists in the country.

One of the things that we advocated was that there should be strong accountability measures to ensure that there is the most bang for the buck in terms of how this money is used, as well as providing transparency and an assurance to taxpayers that their medical needs were being addressed in an adequate and satisfactory manner.

However, the experience has been that the radiologists are deeply concerned that this didn't happen with the \$1-billion fund, and we are alarmed at the prospect that this may recur with the use of the \$570 million here in Ontario. Hence, we're making recommendations that we believe are very practical, can be measured, can be seen in a tangible way and will also, more importantly, lead to direct improvements in the delivery of health care to Ontarians, irrespective of where they live or the kind of diseases or conditions they have.

Part of the debate gets disguised to some degree by talk of CT and MRI. The reality is that in radiology most

patients don't get to a CT or MRI scanner as the first diagnostic test. There are a number of good reasons why. Lost in that debate is the discussion about what we would refer to as the primary diagnostic modalities, whether that be mammography or X-ray, ultrasound, fluoroscopy or bone mineral densitometry, all of which detect life-threatening diseases.

We've devised, in the material that you may have at your disposal there, a six-point plan which we believe will correct what happened the last time and provide a scorecard or report card of how this money can best be used to renew the radiology infrastructure in the province to assist in a demonstrated way in the improvement of the health care status of Ontarians. It covers all of the diagnostic modalities that radiologists use to diagnose disease.

The six points really are: we believe that the oldest equipment in radiology clinics and hospitals needs to be identified. There needs to be an inventory, out of the 2,400 pieces of equipment that were identified in September 2000, to get those out of the system and get them replaced. We have suggested that \$50 million of this \$570 million be earmarked for that.

We've given as an example that any mammography equipment over six years old should be replaced. That's an international standard. Any ultrasound equipment over six years—it should be six years. For fluoroscopy and general X-ray, anything older than 20 years should be replaced. I would just add to that that it should be a lot sooner than that, but there is equipment in this city and in this province that is 25, 35, 45 years old. If you were to ask, "Would you drive a 45-year-old car today?" other than if it was an antique, most of you would say, "No, I wouldn't." That's the kind of issue facing the delivery of health care in Ontario.

Second, looking at the other end of the spectrum of diagnostic equipment, is replacing outdated CT and MRI scanners. A number of hospitals have 8- or 10-year-old CT scanners or MRI scanners. More of it is leaning toward CT. Again, we've suggested that \$50 million should be designated for the replacement of CT and MRI scanners, particularly in those communities and those parts of the province which don't have the fundraising or the charitable hospital corporations to raise the money. So in order to help small-town, rural and northern Ontario, we think there should be priority-setting there. We believe that a very practical way is to get hospitals to identify who has the 8- or 10-year-old, or older, scanners and get them to the top of the list to be given priority assessment.

Third, in our plan, we believe that there are a number of new CT and MRI scanners across the province that need to be deployed and approved rapidly. Those, interestingly, were recommendations that all political parties adopted in the last provincial election as being part of their election platform. Again, we're recommending that \$50 million be designated for the areas which typically are small towns, broad regions and rural northern Ontario, where there are major gaps in the delivery of care.

Combined with the previous \$50 million and this \$50 million, that \$100 million of activity would be a significant increase in improving not only the radiology infrastructure for these important modalities but also for shortening the waiting lists, because newer scanners have the ability to scan much faster than older equipment. But it's more than just speed. It's the quality of the diagnostic information that these machines produce.

Next, we've recommended that another \$40 million be designated to replace what we would refer to as a 107-year-old technology. That technology is better known to you as X-ray film, because that's how long X-ray film has been around. In the last 10 or 15 years, there has been digital, electronic imaging called PACS, picture archiving and communications system, which is a much more efficient and modern way of using information and actually lowers health care costs and gets information where it's required.

Again, we're suggesting that hospitals and clinics with major applications should be asked to put forward, as an expression of interest, projects that have a bona fide application so that they can be assessed by an independent team of experts that reports directly to the Minister of Health. We believe that the \$260 million, divided equally between hospitals and clinics, should be designated for the replacement of other outdated equipment or for the purchase of this filmless technology. As I said, it should be applied equally between the two settings, because both hospitals and imaging clinics provide about 50% each of the radiology services in this province.

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Finally, number 6 in the plan: We believe there needs to be a capital investment in radiology human resources and, as Dr Hammond referred to earlier, in the training of technologists. Improving all of this equipment is futile if we don't have technologists to run it. We're recommending that \$5 million be allocated, part of which would be to the Michener Institute, an existing technologist facility—the CT and MRI facility in Toronto—and some of the money to another community college that has an existing radiology training program, so that the \$5 million could be used for the purpose of acquiring CT and MRI simulators—devices that would emulate a CT or MRI scanner without actually going through the cost of acquiring one—as well as having the diagnostic work stations that technologists need to train on in order to use that. The impact of that is that it would double or triple the number of technologists being trained currently, and it would ease the concerns about poaching.

We've identified a number of things around accountability, but, in the name of time, I won't go through every one of them. I think "accountability" is a tired expression which, in our eyes, has really no meaning, based on what we've seen and what we believe may happen in the near future. We believe that the elected members in Ontario have to take charge of how this \$570 million is spent and be personally accountable to the constituents in their particular ridings. We believe that there need to be clear and transparent guidelines, and there needs to be a report

card, unlike the last time, whereby not only politicians but patients and the health care system can actually measure what this \$570 million bought.

To that, we've come up with an outline of how we believe it could, using the six-point plan we outlined a moment ago, replace 1,100 of the 2,400 pieces of equipment. We've identified, for example, that it could replace 330 X-ray machines, over 200 ultrasound, 200 fluoroscopy and so on and so forth, and over 50 CT or MRI scanners in the province.

The Chair: I want to remind you that you have about two minutes left in your presentation.

Mr Foley: OK. I would like to close by saying that I think the questions we would ask you, as elected members, to consider in the context of the \$570 million are: What is the state of the radiology equipment in your ridings? Have you, as local members, spoken to the radiologist in your community about the state of radiology equipment? How long are the waiting lists in your riding? What are the waiting lists for CT and MRI? What's the impact of this equipment on the diagnosis of the leading causes of mortality? Ask the Ministry of Health why there has not been a formal consultation process with radiology experts and other stakeholders as to how this money will be spent in your riding in the health care systems and clinics in your area, and also how it will be accountable to you in your respective areas to improve the delivery and the status of health care. Thanks very much.

The Chair: Thank you very much for your presentation this morning.

CS CO-OP

The Chair: I call on the CS Co-op. Please come forward. Good morning. You have 20 minutes for your presentation. You may allow for questions within that time frame. I would ask you to state your name for the purposes of Hansard. You may begin.

Mr Gary Seveny: Good morning. My name is Gary Seveny. I'm president and CEO of CS Co-op. My colleague is Madeleine Brillant. She's vice-president of corporate affairs at CS Co-op.

I've provided a short document to help keep track of the timelines and leave you with some information at the same time. Perhaps I should open on the basis that we appear before the committee today not for a suggestion or request for where budget funding should be spent in this coming round but concerning items that are typically considerations in the budget that have no cost.

CS Co-op is a unique institution if you look at Ontario. Ontario has responsibility for credit unions. We are the oldest credit union in Ontario, founded in 1908. We hold charter number 1. We're also unique in that we're the only credit union that sits on a provincial boundary, sitting on the Ottawa-to-Gatineau city boundaries, the provincial boundaries, and yet we are chartered under the province of Ontario. We have over 149,000 members and we serve in different communities, including beyond the

national capital region: Toronto, Kingston, North Bay and Pembroke.

We have a long-term goal to converge our current credit union with our subsidiary bank, called Alterna Bank. Alterna Bank was created to help us extend our services beyond the province of Ontario. As a regulated provincial entity, CS Co-op cannot provide services to our members across the river here in our community. Additionally, because we served, originally, federal government employees, many of our members travelled, through decentralization of the federal offices. So we have a problem across the country, not just across a river.

Credit unions in Canada have been quite challenged by the restriction of their provincial regulation as to where they can do business. The creation of Alterna Bank has allowed us to start to move with some of our clients to where they are located. Our difficulty is that we have not yet been able to converge the two entities, the credit union and the bank.

The first obstacle that we come into is the first subject I wish to discuss with you, which is called continuance. In every act for every financial institution in every province, except for credit unions, there is the ability for, as an example, the trust, the loan company, to migrate from a provincial jurisdiction to a federal jurisdiction. There is no such provision in the credit union act to allow us to move from a provincial jurisdiction to a federal jurisdiction. In essence, we have to wind up and re-establish ourselves federally. There are tremendous costs involved.

In order for us to realize what we need to do to serve our membership on a broader basis beyond the province, we had proposed to the prior government continuance legislation. It was accepted and put into the budget. We ask this committee to consider the same material that we had presented previously—this is just a brief synopsis of it—and look forward to seeing it in the next budget of the province.

I also want to address a new issue that is being raised in at least two other provinces—very timely. In April of this year in the province of BC and in a similar time frame in the province of Saskatchewan they will be looking at the credit union legislation as it relates to reciprocity. Reciprocity is when a credit union with favourable reciprocity clauses between provinces is able to cross boundaries to do certain types of business. It has been awkward in the past, almost formidable. However, in the provinces of BC and Saskatchewan they are going to be looking at reciprocity to an even broader degree to allow for mergers between two provincial entities in two different provinces. I think it is appropriate for this government to look at the credit union restrictions legislation to open up to allow for greater opportunity for Ontarians and residents of other provinces to avail themselves of services by the combining or consolidating of credit unions.

I put this one forward on the basis that it is not an immediate need but an emerging need. The other provinces will be putting this before their Legislatures; as an

example, BC in April. I would not like to see Ontario too far behind in bringing this type of legislative change forward to provide an equal or almost level playing field among all parties in the credit union industry.

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Finally, we have a credit union act that was last updated in 1994 and a commitment by the government of the province to revise that act every five years. The last time, as I say, was 1994. It is time for that act to be rejuvenated. There are a number of areas in the act that require modernization, the detail of which would just cloud your discussions, but I think we need an emphasis coming from the province to encourage the revitalization of that act.

That is my presentation to you today. It's a no-cost presentation other than that it takes resources to accomplish what I have talked about. Your resources, however, have already applied themselves on the first issue, are quite familiar on the second and obviously on the third issue there was a plan to utilize your resources every five years.

The Chair: Thank you. We have about four minutes per party and we begin the rotation with the NDP.

Mr Prue: I just want to be absolutely sure. My question will be very simple and probably the only one. You are not asking for any budgetary changes, you are not asking for the provincial cabinet to do anything, you are not asking for this committee to recommend anything to the Minister of Finance in terms of how to solve the \$5.6-billion budget, where to find any revenues or anything else. You simply want some changes to your act.

Mr Severy: I'm sure most people who come to you have ways to spend your money.

Mr Baird: You're actually the first person I've ever met who hasn't.

Mr Severy: We are a cost-neutral proposition and yet we don't want to be discarded because we don't have our hand out. We think that because our area comes up through finance and your committee reports back to finance, it's been lucrative for us to have these discussions with your committees in the past. That's why we are appearing here before you today.

Mr Prue: I would forgo the rest of my time so we can get to the next deputant.

Mr Peterson: The federal government has made it a lot easier to incorporate banks; much smaller capital requirements. You've done that. Is there any conflict between what you're trying to do interprovincially and federal regulations? I would have thought interprovincial trade is a federal issue. Why is it just between provinces?

Mr Severy: I have to be careful here. I sit before you wearing two hats, first as president and CEO of two financial institutions, a provincial and a federal. But I also represent our industry, which is the credit union industry. It's important that that industry not lag behind its competitors; otherwise, it can be ground down. What I'm representing in the two elements that I speak to you about, reciprocity and the credit union act, is primarily for the industry.

On the first element, continuance, at the moment in the province of Ontario, CS Co-op is the only institution prepared to exercise continuance legislation to move to a federal entity. You're absolutely correct; there is a difference of regulation and requirements between the provincial and federal levels. Right now we're being regulated by FSCO and DICO in Ontario and we're being regulated by OSFI and CDIC at the federal level. We've taken on considerable cost and considerable utilization of our resources—to our detriment in cost and resources—in order to try to achieve an outcome that our members seek and that our industry would like to see a leader move forward on. That's my proposition to Ontario.

We have been leaders in the industry. I'd like to see us continue to be leaders. We are not only the first credit union in Ontario, we're the first credit union in Canada. There are eight caisses populaires that occurred in Quebec before us, but as far as credit unions are concerned, you're talking to the number one credit union in Canada. So we are leaders in Ontario. That's what I'm looking to sustain.

Did I answer your question?

Mr Peterson: I'm not sure I understand enough about your industry. Do you really want a credit union act for Canada, then?

Mr Severy: It's prohibited at the federal level. We're looking for cooperative banking legislation at the federal level, which is on deferment at the present time until we can get the provincial pieces together. As an example, continuance: The federal level will not allow for continuance of a credit union until the provinces have opened up the gate.

Mr Peterson: There is supposed to be a new era of federal-provincial co-operation. It seems to me that if you are asking us to burden you with two levels of administration and reporting structures, that's not a favour to you—

Mr Severy: No.

Mr Peterson:—and it's not a favour to the efficiency of our economy. This should be a fairly simple matter of whether you're being regulated in one place, because what you guys do is pretty good stuff.

Maybe you can talk to us. This is a little more detailed and technical than perhaps I understand or this committee can deal with at this point. If you need help in co-ordinating communication between the province and the feds, to simplify all this for you, I'm certainly personally very interested in hearing more from you and working with you.

Mr Severy: Thank you. I've been working on this particular issue very closely since 1998, but going back to 1974. The federal government listens. We have very intelligent people at all levels, provincial and federal, but then they start protecting their territories. Also, the cost of utilizing resources has been one of the obstacles. If I can enlist any of the people on this committee for future help, I will certainly come back and do so.

The Chair: Now we move to the official opposition.

Mr O'Toole: I'd like to share some of my time with Mr Yakabuski as well. I was parliamentary assistant to

the Minister of Finance and did the consultations on the merger of FSCO and OSC. I'm quite aware of the liquidity issue that was dealt with and then somehow fell off the table with Credit Union Central merging with BC.

When we were government, we were very supportive of the credit union movement. This continuance issue, as I understand it, was a breakdown at the civil service level, not by political will. I know Minister Flaherty had already committed to do it in a budget. So I'm not sure, but I think it is the right thing to do in the way capital moves today. I just want to put that on the record for Tim and for the parliamentary assistant, because it is a regulatory issue. It's not a bill; it's a regulation. A couple of regulations have to be changed.

Mr Yakabuski may want to make a comment.

Mr Yakabuski: Thank you for joining us here today. I certainly do want to comment as well. I'm pleased that the previous government saw and recognized the important and significant role that credit unions and co-ops play in our financial services sector.

I have a number of residents from my riding here today to speak on another issue, but certainly credit unions play an important role in the banking services in my riding. To see that these initiatives go further and allow credit unions the opportunity to continue to provide those options and more of those options to the banking public, I think, is very important, and I hope this current government recognizes that.

Mr Seveny: If I could comment, I think we make clear that the merger of the two centrals and our request for a continuance were not at odds anywhere along the way within the civil or the political environment. The bureaucrats supported the continuance 100% and so did the government of the day. As well, we were dealing with our colleagues who at that time were in the opposition, so we had all-party acceptance of it. I think the points that have been raised are correct: There is all-party support for continuance.

The Chair: Thank you for your presentation today.
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RENFREW COUNTY PRIVATE LANDOWNERS ASSOCIATION

The Chair: I call forward the Renfrew County Private Landowners Association. Good afternoon. You have 20 minutes for your presentation. You may allow time within that 20 minutes for questions. I would ask you to identify yourselves for the purposes of Hansard.

Ms Cheryl Gallant: My name is Cheryl Gallant. I'm the member of Parliament for Renfrew-Nipissing-Pembroke. To my right is Candice Davidson-Schwan, the chairperson of the Renfrew County Small Sawmill Association, and to my left is Jack Kelly, who is vice-president of the Renfrew County Private Landowners Association. He is also a municipal councillor.

First of all, I'd like to thank you for allowing me and the people I'm representing to be heard today. I understand that it's a rather exceptional request, and it's

greatly appreciated. The reason I wanted to address you is that I feel so strongly about property rights and the threat to rural Canada that we're seeing from a more and more intrusive government. That is really the reason I asked to be a part of your deliberations.

Unlike many of the people who are presenting today, we're approaching the committee from the standpoint that we are the taxpayers who are going to be expected to fund the budget your government is putting forth, and we want you to be aware of the situation here in Renfrew county.

In the year 2003, Renfrew county had a very tough go, between the softwood lumber dispute at the federal level, closing down mills and putting woodlot owners out of work; the crisis surrounding the finding of one cow infected with BSE; the SARS scare—believe it or not, it had a heavy impact, and tourism in some areas was down 60% in Renfrew county. In fact, all of rural Ontario was very hard hit in 2003. Now, with the increases in property taxes that are resulting from higher assessments, we in rural Ontario are truly in a state of crisis.

The people who are here today, as their signs outside show, think it's really time for government to back off. That's the message we want to get through. In the past society in Ontario, the communities were anchored in the rural areas, in the small towns and the villages. What we're finding now is that there is a pending storm that's rising against the government. It's encouraging civil disobedience. That comes from a segment of the population that, until very recently, endured change after change in the regulations. It's got to the point where they just cannot exist, let alone prosper any more. We're here to say that this is over. We're not going to just lie back and take it any more.

This is what's being said in our local newspapers about the assault on rural Canada:

"If the government does not back down on some of its regulations, which seem to be initiated by bureaucrats in urban centres that don't know a sawdust pile from a graham wafer"—that's the real nature of the situation—"this province is in for some very serious civil unrest.

"I saw in the faces of these people, not only anger and disappointment at what's being rammed down their necks, but a clear sense of a mounting frustration that will end God knows where.

"It's the same with the spring bear hunt issue. Despite recommendations to reinstate the hunt, it's not being done because of some animal lover in downtown Toronto. 'This Schad guy doesn't want that warm, cuddly little cub killed. Perhaps he should be in a house here in the valley when a 600-pound bear is trying to break into your home for food.'

"We live in a rural environment, and we need rules and regulations created by those who understand our situation. If those things don't get changed quickly, the lawmakers will see someone show up on their doorstep with firearms, which are likely not registered in the federal gun registry, another big bungle.

"It's time common sense was used in the situation. Let's pray it's done before someone gets hurt."

That is a quote from a newspaper.

Specifically, there are five areas that our delegation wanted to touch upon. The first has to do with assessments, and specifically re-categorization. We have our woodlot owners, who have been classified as agricultural for a number of years, now being reclassified under current market value assessment as residential. What this means is that people here in rural Ontario have been receiving their blue pieces of paper with values of their property that have, in some cases, more than doubled. The woodlot owners haven't received their tax notices yet, but they're here today to let you know there is a very big problem.

We also have, under MPAC, the reassessment of our sugar bush lots. For the most part, these are agricultural producers—maybe wheat or corn, or woodlot owners—who are just trying to make ends meet, and one of the remarkable things they've done is set up little sheds to produce some maple syrup so they can sell it for extra income. These people genuinely live off the land. In terms of assessment, these sugar shack owners are facing recategorization from agricultural to industrial. They have seen their assessments go up 1000%. It's not just on the little shack where they're boiling down the sap; their homes are being assessed at industrial value as well. Some people are reaching retirement age, where they're not into this any more. They want to go into a smaller home, and they can't even sell their homes because they're totally off the mark in terms of what the taxes will cost.

The other thing that concerns our maple syrup producers is the fact that MPAC is demanding of them a full disclosure of their income from maple syrup production. This leads us to be concerned that perhaps the next step along the way in assessment is that it's not just going to be what property they have but that they are going to be assessed based on the income their business produces.

Now we're going to go specifically to the woodlot owners, because they have some specific issues. With the lumber dispute still unresolved, the job situation has been hit very hard all over Ontario, but particularly in Renfrew county, which relies heavily upon the forestry business for jobs. In Renfrew county, jobs are so scarce that every single job is a treasure. We have to look after each one, not just full plant closings. With this softwood lumber dispute, the woodlot owners have lost an entire market to sell.

Compounding that with the assessment is the fact that even if they could cut down all the trees to have a reassessment without the tree value, the sawmill owners who would take the lumber are in a situation where they may not be able to continue either.

This is where the Ministry of the Environment enters. I'm not sure whether anyone here is aware of it, but we have inspectors coming on to the property without notice, going through the sawmill owner's lots and sending them a letter in the mail indicating they have to have test holes

drilled in their sawdust and woodchip piles to prove they're not toxic. In dollars this sometimes means \$50,000 to \$100,000 for these test holes to prove they're not polluting. These are just small mom-and-pop operations in most cases. They don't have an extra \$50,000 or \$100,000 to drill a test hole to prove they're not polluting anywhere.

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This is the same sawdust that the Ontario Ministry of Agriculture is telling our cattle producers to cover the dead carcasses of their animals with, so the animal carcasses don't leach toxins into the soil. It's the same product that is being used in mulch to beautify our grounds and to soften the areas in our playgrounds. So there's a little bit of disconnect. But all this plays in to the ability of sawmill owners to continue on having meaningful work for their employees or to continue on as a business. Of course it's the employees, the incomes, on which they are taxed. That revenue is channelled to provide the different programs that have been requested of you here today.

Another problem the sawmill owners are having is that if they have these wood chip piles on their land, they're now being told, "Have it carted away. Now that you have them, we don't want the risk of any leachate, so get it off your land immediately." They're facing \$60,000 fines in some instances when it's not carted away.

The mill operators don't see the wood chips as waste. In fact, they're product. We have a cogeneration plant in Renfrew county and as soon as there is enough of a pile of the wood chips to fill up a truckload, these wood chips are taken to a local manufacturer and used to produce electricity. It just doesn't make financial sense and it doesn't make sense for the environment to have the trucks going back and forth any more than they need to. I'm certain the people here today understand that there is a shortage of power-producing capacity. This is another way that our sawmill owners are able to contribute to the overall well-being of the province.

There was one other point that was raised by a sawmill owner. He mentioned that there's a certain part of the poplar trees, the fibres, that isn't any good for pulp and what they do is have it sent to a cereal manufacturer. This excess wood material is being used in our cereal. It's made into pellets to feed our cattle, which we in turn eat. It's also used in cosmetics, so we're putting it on our faces. These people are being told that their sawdust is toxic. How can it be toxic if we're eating it and putting it on our faces? There is a gentleman who wanted me to make that point.

All meat producers and poultry producers are also being hit with the Nutrient Management Act. We in eastern Ontario are in a very precarious position because we are along the border with Quebec, and the Quebec government provides huge subsidies, in some cases pays the entire shot, to have the compliance requirements paid for so that they abide by their nutrient management act.

These producers competing against Ontario producers can raise their cattle at a much lower cost, and raise their

dairy cattle for a lot less, than our people on this side of the border can. We've got that disparity. Again, that's \$100,000 in some cases to put the proper cement down so that they are compliant, \$100,000 that they don't have and that they can't borrow because the agriculture industry is in such a downturn that no bank or lending institution wants to lend them money so that they can comply. They do want to comply.

From the beef producers' standpoint, they have that issue, and in Renfrew county many of the beef producers are also woodlot owners, so they're being hit from all sides: nutrient management, the beef crisis and huge assessments. What they can't understand is, although they have these tracts of land in areas that have had no sales for decades, that somehow those particular pieces of land can be given a market value, when there is nothing to compare it to. Each piece of land is unique. There are rock piles, the Canadian Shield in part, trees—there is no rhyme or reason to the way MPAC is evaluating this land.

Tourism is basically all we have left in the area to really make a go of it in terms of jobs and prosperity. We have the campground association. There the owners are not only being taxed on their business property, they are being levied each individual lot, and now they are being assessed based on other people's trailers that are on those lots. As an extra bonus, they are being taxed retroactively. In many cases these people are no longer there. The campground owner is required to pay this huge tax bill, but then they're supposed to pay it for last year. They're told that, yes, they can ask the trailer owners for the money, but here they are, trying to keep costs competitive with the provincial parks, being made into tax collectors with no compensation for their added efforts of having to chase down these people, and in most cases absorb the extra cost. When we force people to do work where they're incurring costs and getting nothing in return, we feel that's slavery. That's what they're telling me. So campgrounds in the area are closing down.

I mentioned earlier, in reference to the newspaper article, the spring bear hunt. One of the people here, a municipal councillor, knows of 12 outfitters in his neck of the woods. The spinoff for his community from the spring bear hunt is huge. In 12 weeks, there are 70 hunters a week who would come for that spring bear hunt. They'd spend money on gasoline—

The Chair: I want to inform you that you have two minutes left in your presentation.

Ms Gallant: Thank you, Mr Chair. Again, with paying gasoline, there are provincial excise taxes involved. It has been a huge hit to the area.

ANSIs are affecting the ability of the landowners to earn an income, ANSI being an area of natural and scientific interest being put on their deeds without any knowledge on their part. They go to sell their property and find out that there's an ANSI on their deed.

What we're asking here is that the government rein in MPAC. They are making these regulatory decisions without any foundation in fact or science, arbitrarily calling maple sap producers manufacturers or recategorizing

agricultural land to residential land. We cannot afford it. We don't want to be an extra burden on the government rolls. These people don't want to have to collect social assistance, so we're asking you to stop what's going on with MPAC before it's too late. Thank you.

The Chair: Thank you very much for your presentation. There are only 30 seconds left. There's not time for a question. This committee is recessed until 1 o'clock.

The committee recessed from 1218 to 1300.

The Chair: The standing committee on finance and economic affairs will come to order.

CHILD AND YOUTH FRIENDLY OTTAWA

OTTAWA : L'AMIE DE LA JEUNESSE

The Chair: I would call up Child and Youth Friendly Ottawa. Please come forward. Let me advise you that you have 20 minutes for your presentation. You may leave time for questions within that 20 minutes. I would ask you to identify yourselves for the purposes of Hansard. You may begin.

Mr Max Keeping: My name is Max Keeping. I'm vice-president of news at CJOH-TV and a member of the board of Child and Youth Friendly Ottawa. We thank you for the opportunity to appear before you today to allow you to hear some young people's presentations on your pre-budget.

If I may, I have just left some of your provincial and municipal colleagues on the streets of Ottawa today because this is Toque Tuesday, and toques are being sold to bring awareness to the issue of homelessness in our province. I invite you to make a minimum donation of \$10. My colleagues will bring you some toques.

To illustrate the point, here in the city of Ottawa, one of the most prosperous cities in Canada, last night 850 people slept in family shelters, too many of them children. There are 12,000 people on the waiting list for affordable housing in the city of Ottawa. So if in the most prosperous of cities that is the situation, that is the challenge you as legislators face and we as taxpayers face. I use that as the context for introducing you to two of our youth who will present the unique youth view that we are very happy that you are permitting us to present.

To my left is Brett Popplewell, who is a graduate of Merivale High Schools, a young man who implemented one of this community's first student-operated anti-violence and anti-bullying programs and who devotes many hours to community service work. He has just recently published his own anti-bullying comic book; 15,000 have been distributed and there are requests from across Canada and even the United States. He is a board member of Child and Youth Friendly Ottawa.

To his left is Pierre Cyr, who is a volunteer at CAYFO and also a member of the board. He recently worked as a political assistant on Parliament Hill. He is a graduate of the University of Ottawa and, like Brett, Pierre spends many hours committed to building a stronger community for kids.

Mr Brett Popplewell: Thank you very much, Max, and thank you very much to all of you for giving kids a voice in the upcoming budget.

The provincial government has not always acted in the best interests of young people, especially those who are marginalized, mistreated and considered to be at risk. Like many governments, children do not rate highly on the priorities list: They do not vote, have no money to fund campaigns and appear to have little currency with politicians. Yet Ontario's children and youth are our future. As such, we think it makes sense to ask politicians at all levels to determine and measure the impact of their decisions and how those decisions affect youth.

We also think it makes sense to ask politicians and policymakers at all levels if what they are doing is good for children. So we ask, is what you are doing good for Ontario's children and youth? And if so, how is this substantiated?

As young people, we ask for an Ontario in which young people are respected as citizens with a valued contribution to make and a voice of their own; where all children are cherished and supported by their families and the wider society; where they enjoy a fulfilling childhood and realize their potential; and where they can have access to mentoring programs, nurture humanitarian values and goodwill and have opportunities to contribute.

Young people of Ontario want to contribute, they want to have opportunities to engage with their provincial government and they want to be consulted on matters that affect them. We feel that this is not too much to ask.

Mr Pierre Cyr: We must never lose sight of the role the community has to play in the raising of its children and youth. Governments and professional groups are not parents. It is not their function to raise the children. It is the function of us all. They are all our children. Ils sont tous nos enfants.

Les institutions professionnelles ne peuvent pas, et ne devraient pas être strictement responsables du développement de notre prochaine génération. Ce n'est pas leur responsabilité. Ils n'ont pas nécessairement l'expertise professionnelle, ni les ressources nécessaires, et la majorité ont déjà leurs mains pleines avec leurs maintes responsabilités.

Professionals can only be stretched so thin, and with this there can come a sense of fatigue and frustration about having to dilute the core tasks in favour of doing what was once the responsibility of parents. Kids suffer as a result of this, and yet when there are problems, no one seems to want to ask the kids' opinions.

We should be worried about the impact on children of those parents who are isolated, separated and divorced, those who must struggle with costly child care and those who are stressed and oftentimes overwhelmed by multiple jobs. We worry about the number of Ontario kids who go home after school to an empty house, to watch whatever on television or to engage in computer games and activities that might otherwise horrify their parents. We think the province should be concerned about the number of kids who are not using libraries,

those unable to read nursery rhymes and those without the capacity to complete a job application.

We should be worried about poverty, about students who go to school hungry, those who can't afford community recreation programs, school trips, skates and many basic things so many of us take for granted. We worry that the blame that is sometimes heaped on multi-cultural families is not a result of their being multi-cultural but rather a result of their being poor.

Nous oublions parfois que les réalités qu'envisagent nos présentes communautés immigrantes ne sont pas différentes des réalités que plusieurs autres communautés ont envisagées dans leur intégration en Ontario. Comme jeune Franco-Ontarien, je connais bien les difficultés qui accompagnent le fait d'être un enfant minoritaire dans un environnement minoritaire.

Diversity should strengthen society, not break it up. It is something that should be honoured and protected, and yet we worry about a creeping sense of prejudice directed at young people who might be visible minorities and branded as trouble, not because they are bad but because they are living in families where their basic needs are not being met.

Mr Popplewell: We worry about the incidence of bullying, violence and victimization and we wonder why students are not encouraged to get involved in the safety and upkeep of their school culture. Are they not capable? Is this the reason?

We worry that not all children have a healthy start in life and healthy role models. A person has to work hard to get a licence to drive, indeed you have to pay fees, but no one seems to care when it comes to having a child. Anyone can have a child but not everyone knows how to care for and raise a child. This might make sense if we were talking about domestic pets.

We worry that youth do not have opportunities to engage at a meaningful level within their communities and the opportunity to develop marketable skills through education and mentoring. What a waste.

We worry because there are still too many kids in Ontario who come into the world, only to find the doors already closed. For too many, their home is the child welfare system and the streets. These kids often experience far too many foster home or group home doors or doorways where they are forced to bed down for the night. We want to ask politicians at all levels and in all provinces why kids have to deal with closed doors. The doors that open to opportunity are often the same doors that welcome adults and yet are closed to kids. Why is that?

We worry that the huge infusion of resources that have been placed into the early schools initiatives in Canada and the provinces have taken away from youth programs. We acknowledge and support these early years services but worry that the adolescent has been somewhat forgotten in this rush to serve the preschool kids. We worry that many people regard early years interventions as being somewhat like inoculations given for smallpox or polio. We fear that it is not this simple, and we worry

that funds allocated to the early years will not alleviate the need for increased youth resources and programs. Why serve one group at the cost of another? It does not make sense.

Mr Keeping: We wanted to acknowledge and applaud the Premier's appointment of a minister responsible for children and youth. I will recall the Premier's comment in an interview he did with me immediately after the election in which he said the minister of youth sitting at the cabinet table would be there to comment on every decision that's taken and to give a child's perspective to it. Child and Youth Friendly Ottawa asks that every decision going before the cabinet be vetted first: How does it impact on children and youth?

We still don't know a lot about the new minister and ministry, the portfolio, the mandate, but we do want to caution: Please don't let it be the way that it's happened in the federal system, where children and youth are now served by 17 different ministries, each with their own mandate and with little interdepartmental collaboration. We're asking that you not fragment youth and children's services any more but rather move to a more holistic approach and better coordination. We look to the new minister to see that no child gets lost between departmental cracks.

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Mr Cyr: We'll end our presentation with a small number of recommendations.

We are concerned that many of the solutions put forward by government are generally quick-fix, piecemeal solutions created to provide a perception that the children are being served. Therefore, we recommend that all legislation brought before the Ontario government pass through a child impact process in which cabinet would ask questions such as: How will this legislation impact the children as they grow to young adulthood; what are the consequences and the costs; will the children be well served by this legislation? These questions are the essence of sustainable development and also of sustainable communities. Decisions made today will impact us most tomorrow. If we're looking at building stronger cities, which was essentially a message yesterday in the speech from the throne federally, I think we should also look at building stronger communities with the young people who will be impacted in the future by decisions today.

We recommend a provincial summit on children to focus on their rights and entitlements. This would hopefully be coordinated in part by youth and attended by youth and key members of cabinet. Themes could include violence prevention, multiculturalism, child welfare, youth engagement, community involvement, and the environment. Recommendations would go to a newly formed provincial youth secretariat mandated to promote youth engagement in civic affairs, youth leadership, community capacity building and volunteer work.

Young people are frequently victims, and sometimes also perpetrators, of violence, be it at home, at school, on the street or at the workplace. We worry that violent

behaviour is all around us in the media and in public life. We would not be surprised at the rising incidence of bullying, cyber abuse and violence in our schools and on our streets. It is for this reason that we recommend new approaches for combating violence through the establishment of a provincial task force on youth and violence, conducted for the first time in the province's history by youth with support from elders.

We recommend that the Ontario Ombudsman's office be demystified and brought to the attention of all children and youth through a major and ongoing marketing campaign. Children and youth need to know whom to go to when their fundamental constitutional rights have been abused. At the moment they may go to teachers, they may go to social welfare, but there is no clear direction on how to exercise their rights.

We recommend increased resources to promote mentoring initiatives that bring young people into contact with adults. The need is particularly great for young people living in disenfranchised circumstances. We particularly endorse e-mentoring and believe that this can be established with minimum costs through partnerships with the private sector.

Finalement, nous recommandons l'établissement d'un secrétariat provincial pour le service aux jeunes. Ce secrétariat aura comme but de promouvoir le bénévolat dans les communautés, ainsi que de développer un réseau provincial d'organismes qui ont des approches par les jeunes, pour les jeunes.

Mr Keeping: Recognizing that the recommendations we're making are for the budget, all that we're talking about really does pertain to the budget and the kind of priority that the new government will give to children and youth of the province. We don't have a cost for the specific recommendations we've made to you. However, we view them as being preventive and significant cost savers in the long run. The research has shown—it's very much available—that investment in children and youth nearly always serves to reduce the costs associated with the criminal justice system, child welfare, unemployment and homelessness. A dollar spent on a child in the early years will save you \$7 down the road when that child is 18. Governments have recognized that through the Early Years program but sometimes shut off the funding too soon.

We also advocate the establishment of the first provincial children's fund, which would see the private sector working in tandem with the government to establish a \$25-million endowment fund to promote youth service, mentoring, entrepreneurship and leadership. We believe such a program could be carried out by the underutilized organization currently known as Ontario's Promise.

Mr Popplewell: We want to sneak in one last recommendation, and this is to urge you to produce a statement that underscores the need for the provincial government to listen to its children and youth, those unable to vote and often discouraged from participating in the lives of those in their province. We have much to say and a desire to contribute, but above all we wonder why you fail to

ask us. Please listen to us, engage us and seek out our contributions. We might all be the beneficiaries of that.

The Chair: Thank you very much. We have two minutes per party, and we begin with the government.

Mr Crozier: I want to thank you for your presentation. I am now a grandfather and it's come back to me again, the importance and the vulnerability of youth in our society. I say that because those of us who live rather comfortably tend to forget just what it is like out there for some in our community. Once another generation comes along and they start to associate with other young people, you realize the importance of what you're saying.

I haven't any real questions to ask. I just appreciate the fact that you've come. It's a huge question. There are so many things that happen to vulnerable kids that we don't even know about. I think we have to do what you are urging us to do.

Mr Keeping: I thank you for that, Mr Crozier, and would point out that some of the younger people we would like to have been able to speak to you are in school and therefore couldn't appear before a committee such as this during school hours. I would also remind you that in Ontario we have what we call the casualty class of kids, the ones you're talking about, the one in five who gets lost and ends up in the juvenile justice system or the mental health system. We can't afford to lose that many kids.

The Chair: We move to the official opposition.

Mr Robert W. Runciman (Leeds-Grenville): John may have a question as well.

Thank you again for your contribution to the deliberations. One of the things you referenced in passing in your statement was the empty house syndrome—unlike when Bruce and I were growing up and our mom was at home when we got back after school or on the weekends—and how so many parents are single parents and have a real need to get out and work to generate some income to meet their needs, whether it's housing, food or whatever it might be.

One of the things I'd like to hear your view on—I know it's been talked about at the federal level over the years, and I'm not sure there's been any reference to this provincially by the three different parties that have governed this province for the past 15 or 20 years—is providing some tax relief for a parent—man or woman—who remains in the home and is not required to meet those economic pressures by leaving the children at home alone after school or in the evenings or whenever it might be. I wonder what your view on that might be, because certainly we now see so many families under those economic pressures, plus so many single-parent families—if governments should consider the provision of tax relief to make it much more feasible for a parent to remain in the home and be there when a child or young teenager requires that presence, that assistance and that guidance?

Mr Cyr: Being a Liberal, I have had great difficulty looking at tax relief as being the only solution to these problems. I think the work-to-rule programs we had in schools had a drastic impact. Kids would go to empty

homes at 3 o'clock, and if a parent worked till 5 and maybe got home around 6, they'd be alone for three hours. I think we have an opportunity to create recreation programs within our schools and promote community programs after school hours to engage young people positively.

We have a huge obesity problem in this country. Childhood obesity is a plague, so we need to really get kids active in the schoolyards, using the facilities that are there and developing sportsmanship and skills and that kind of stuff in the after-school hours. Until now, many youth have gone to empty homes, looked at TV and eaten poor TV dinners. That's the reality of what's happening.

Tax relief is a good thing. But at the end of the day, we've given a lot of tax relief to people, and \$75 in one pocket might come out of the other as \$150. That's the way I look at it.

The Chair: We'll move to the NDP.

Mr Prue: I'm from Toronto, and many years ago I developed a youth cabinet. The youth cabinet advises city council on a number of things. One of the things they have advised on is underutilization of schools, and I'd like to go back to the last thing you said. We've heard a lot of debate around here from teachers, educators and school boards that our schools aren't being used properly. They're only being used till 3 o'clock and are being shut down in a great number of places, to the detriment of the community. As a youth, do you see the school as central to communities and to problem-solving, not only of education but of recreation, sports and culture? How do you see the schools fitting into this?

Mr Cyr: Personally, I think they are hubs of activity where young people spend seven or eight hours a day, sort of like your workplace. It's an opportunity to broaden the responsibilities as well as the services that are being offered within schools. Culturally, I can tell you that the only cultural animation I had in my community—I'm originally from Midland-Penetanguishene—was in my school and nowhere else. That was an integral role. It was not education; it was cultural animation. It was subsequently cut back, and we wonder why there are assimilation levels of 80% to 90% for young francophones in that region. Yes, there are greater roles for schools, in terms of services that are being offered in communities.

The Chair: Thank you for your presentation this afternoon.

Mr Keeping: Thank you very much for the opportunity to appear today and for giving some young people—I think the more you can give young people a voice in their province, the better province it will be and the better communities for families.

The Chair: I appreciate the comment.

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CHILDREN'S AID SOCIETY OF OTTAWA

The Chair: I would call the Children's Aid Society of Ottawa forward. Good afternoon. You have 20 minutes

for your presentation. You may allow for questions within that time frame. Would you please state your names for the purposes of Hansard.

Ms Lucia Spencer: Thank you very much. As you heard, we're from the Children's Aid Society. With me today are two members of the board of directors: Brian McKee, vice-president of the society, and Dennis Nolan, immediate past president of the society and also vice-president of the Ontario Association of Children's Aid Societies. My name is Lucia Spencer, and I am the current president of the Children's Aid Society.

Today we're here to present to you five issues, along with recommendations on the Ontario budget priorities. These recommendations are presented not only from a local perspective, but also from a provincial perspective. We're here not only to speak about the Children's Aid Society, but also to give a voice to the voiceless. The presenters before us talked about that sector of our community: the voiceless, the children of our community and the children of communities across Ontario. We know these children are at risk today because of the failure of successive governments to recognize their real needs. We believe that by putting children first, we're not only saving money, but we may be saving lives. We're talking about investing in the future, and we need to invest today. We need to invest in the future of our kids, because by doing so we are building the social capital of our province.

I'll pause a moment to talk briefly about the CAS in Ottawa, and Brian McKee will continue to tell you some facts about the CAS. The Children's Aid Society of Ottawa is one of 52 child welfare agencies in Ontario that are governed by the Ontario Child and Family Services Act and regulated by the new Ministry of Children's Services. All 52 agencies are part of the umbrella group known as the Ontario Association of Children's Aid Societies. As you will note, we are a very active member of that particular society, because we do have one of the vice-presidents locally in Ottawa.

At this time, I will ask Brian to give you some more facts about the Children's Aid Society here in Ottawa and some of the work we're doing. He will also proceed to address some of the issues we mentioned earlier.

Mr Brian McKee: Thanks, Lucia. I know it's not the best thing to give people facts and figures immediately after lunch; it can put people to sleep. I'll try not to do so. I'll be brief. But I want to remind you that the facts and figures, the numbers I will be talking about, are not just statistics, they're people, they're children, children in need and children in care. That's what we're talking about this afternoon. I was glad to hear that the preceding presentation resonated or echoed some of the points we'll be making as well.

The key point for us is that the Children's Aid Society of Ottawa is the only agency in this community that has the official, legal mandate to receive and investigate reports about child abuse and neglect. We're the only people who can take the appropriate measures. We've been given the legal sanction, the legal right to do so.

It's hard work for our staff and our board. It's also a deep commitment and a never-ending commitment. This is a 24/7 job. Twenty-four hours a day, seven days a week, 365 days a year we offer child protection services. In fact, this year it will be 366 days. The point is that it is a continual and increasing problem for us to meet the needs and demands that are placed on us by the ever-growing number of cases and the workload.

Currently on an annual basis we help about 4,000 children. On a daily basis we service some 900 families in our community—900 families are serviced by the Children's Aid Society on a daily basis. We have about 1,000 children in care, and annually we place about 70 to 80 in adoptive homes, which is actually a pretty good record for a Children's Aid Society anywhere in Ontario.

That's a heck of a lot of work, but we realize there's a lot more that we need to do and have to do. What that work does is demonstrate for us, and I hope for others as well, our commitment to building healthy communities. The linchpin of a healthy community is a healthy family and healthy children—healthy in all respects. That's what we work to do, day in and day out. We work on that because we believe in putting children first. It's not a cliché, it's not a trite statement; it's something we believe in and work for each day.

What we're pleased to see is that the current government seems to have the same commitment, at least in terms of some of your recent initiatives, including, and most especially, establishment of the Ministry of Children's Services. We think this is an immense step forward—long overdue, but we laud the government for taking this action. However, we need teeth in the action as well. We encourage you to recommend to government that in the upcoming budget sufficient funds be allocated to this new ministry to do the kinds of work it has to do over the coming years.

There is a lot that could be accomplished. I'm just going to give you a few broad recommendations, which my colleagues will elaborate on later, in terms of what the ministry could be up to in the near future, and give you a taste of things to come.

One of things we need to do is review the funding formula. Established in 1997, that formula has not been revisited since. In spite of the commitment of the preceding government to look at the formula three years into its implementation, six years later it still hasn't been looked at. There are immense problems with the formula. Various studies, both by OACAS and other agencies, have shown increased workloads and economic pressures, among other things, mean we need changes to that funding framework.

We're in a code red situation; it's critical. All but two of the 52 associations that Lucia mentioned are currently facing significant deficits. I put it to you that if one or two agencies were having a problem, you might say it's bureaucratic bumbling, misspending or whatever. But when it's 50 of 52, you've got a serious problem and it's not to do with the agencies, it's to do with the funding framework.

The second point: We don't really have funding for prevention and early intervention. It's not really included in terms of the funding we're given. Why the heck do you wait for a problem to become a problem, especially when that problem is kids who are being abused and neglected? That ain't any ordinary sort of problem; that's a real moral issue for us, and I hope for this government. Early intervention and prevention programs work. They work economically. More importantly, they work to safeguard those kids and stop the problem from becoming a problem. We need to start doing more of that.

We need more support for children in care. That includes more resources for foster care, more resources for adoption—I mentioned 70 to 80 adoptions a year in Ottawa, which is quite a record among Ontario associations. That's still pitifully small. We need more funding for that. We need more and adequate funding for crown wards until they are able to support themselves and become fully independent. Currently we don't have any of this.

Finally, and briefly, we need to move to multi-year funding. Can you think of any business in this country that can run, not knowing what its budget is going to be even in the middle of a given fiscal year? For the past couple of years, we haven't known what our budget was going to be until well into the fiscal year.

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You can't expect anybody to run a show with that kind of incompetence. We need multi-year funding. We need better precision in terms of funding. Again, my colleagues are going to elaborate on those issues later and embellish them, no doubt.

As Lucia pointed out, we are governed by section 15 of the Child and Family Services Act, among other pieces of legislation. What has increasingly happened over the past number of years is that the children's aid societies in Ontario have been tasked or mandated or legislated to do more and more, to do more in terms of provision of services, to do more in terms of community and so on, but unfortunately our funding hasn't kept the pace.

Just let me read to you some of the range of services that we are obligated legally to provide, but unfortunately there doesn't seem to be a legal obligation in terms of funding from our funders.

We have to investigate allegations of abuse and neglect, assess family situations for child safety and risk, counsel families, provide support services, protect children and youth with substitute care such as foster or group homes and, unfortunately all too frequently, go to court to ensure the safety of some children and youth. At a different level, we also have to work with families, community groups, health and social service professionals and organizations to ensure children and youth have the best opportunities for growth and development.

That's really the tip of the iceberg of what we have to do, and even though it only took me 10 seconds to say that, that involves a heck of a lot of work, as I think most

of you can appreciate. That's what we have to do. More and more increasingly, we've been tasked and obligated to do more.

In the past 10 years or so, children's aid societies have come under scrutiny, rightly so in some cases, for some very high-profile deaths of children who were in protection services. The child mortality task force and various provincial coroners' reports have pointed out certain deficiencies in the systems, which were addressed in part by various pieces of legislation implemented in the late 1990s. Unfortunately, what that legislation didn't do is look at such things as addressing activities such as adoption or foster care, prevention and intervention services, which are also desperately needed and, as I say, can stop the problem from becoming a problem.

Because of this increased legislative demand, and because of lack of funding, we have been increasingly forced to limit our interventions to what we call "narrowly defined protection responses." That means that we can't adopt the holistic approach that you need to adopt to better address the problems, issues and concerns of the children in need. We know that adopting the holistic approach makes better economic sense, and most importantly, of course, helps us to protect the children who are in need at the moment.

What I'll do now is pass it on to Dennis Nolan. Dennis is on our provincial association as the vice-president, and he's past president of the Ottawa society. Dennis will discuss in greater detail some of the impact of the legislative changes.

Mr Dennis Nolan: Thank you, Brian, and thank you to the committee for hearing us. I say that on behalf of the Ontario association.

As Brian has indicated, we have substantial difficulty doing our job. You know that you and we together collectively are the parents of the young people who are apprehended by the Children's Aid Society and who are therefore in need of services, programs and support. So I'm going to just touch a little bit upon some of the things we do and some of the needs we have.

Brian indicated that we've been undergoing a period of reform. That's about the best way to characterize the last five years. That reform of both legislation and regulation and also the manner in which we do our work has had two profound effects on child protection services. The first effect is that it has enhanced the ability of the children's aid societies to protect children. So we're better able to do that from a legislative and regulatory point of view. It has also increased very dramatically the number of investigations that we have to conduct, and it has increased the number of children who are now in care. The important thing to remember, though, is that these young people are safer, and more young people are safer.

The Ottawa society deals with about 6,000 reports a year that require an activity for us to accomplish to determine whether or not a youngster is at risk. If you look across the province, that number rises to, in the last little while, 82,000 from 56,000, a 46% increase. Again,

this is due to the fact that these legislative reforms have enabled us to bring services to bear to make children safer.

Despite these improvements, however, as Brian indicated, the funding has not kept pace with the legislative requirements, so we find ourselves, as a society, and the 50 agencies that are in the same boat as we are, having to discharge a legal mandate which we must discharge with insufficient funds. We are here today to tell you that we need some help in this regard.

The government of before indicated when these reforms were brought in that they would review the funding formula by the year 2000. As we have indicated, it's 2004 and it hasn't been reviewed yet. Actually, a lot of the leg work has been done; what hasn't been done is any commitment to the outcomes of the review.

As a society, we have to make sure, once a youngster has met the eligibility requirements for protection, that we deliver the service. Each year the gap has been getting bigger and bigger in terms of funding, so provincially a problem that is about \$20 million now becomes, at the end of March, something in the order of \$80 million. In the future, who knows?

We need the funding framework updated. Just to give you a couple of examples, about \$57 million of the problem that our societies are facing this year is in the area of salaries. The salaries that are paid into the benchmarks are 1997 salaries, and we're, of course, in the year 2004. So people have had raises. Even though these raises in the past have been patterned generally on what the provincial government was doing, we need more money to be able to pay these salaries properly. The workplace workload measurement study that we've conducted demonstrates very clearly that the amount of work that it takes to deal with a case has increased rather dramatically in the last several years. When you have a benchmark that says, "If you do the following amount of work, you get this much money," and that is based on 1997 salaries, not 2004, and when it's based on old notions about how much work it takes, how long it takes, how much of a worker's time it takes to deal with a particular kind of issue, and you multiply those two together, you end up with a problem. The problem is about \$57 million across the province. The facts are that right now the amount of work that is required to deal with an ordinary case is up about 50% from when the benchmark was set.

We then have to deal with a variety of kinds of placement opportunities for kids. We find it increasingly difficult to recruit foster parents, for example, and as a consequence of that, we have more kids needing more places, and they end up in group homes, where the cost is dramatically higher than foster placement would be. We need some funds that will help us front-load the foster care situation so that we can have more recruitment. In your materials, you are going to see a thing called Foster the Snowman. You know the tune. We're having a day on Saturday here just to draw public attention in the city to the fact that we have about 1,000 kids needing foster care.

1340

The Chair: I want to interrupt and let you know you have about two minutes left in your presentation.

Mr Nolan: OK. I'll skip on just to say that we need to upfront foster care. We need some up front support for adoption. We need some support for the legal costs that are going out of sight because in some other services they have reduced their programs and we have to pick up the burden. The same is true in education.

The thing I want to make maybe the strongest point on is this: When you are a young person and you reach 18 or 19 and you are from our area, you are likely going to be a little bit behind in school. So you're just going to be graduating from high school, at which time the services that we provide come to an end. A government ago produced a program called extended care and maintenance, which allows for some money to be given to those kids, if they're still in school or still in a reasonable education program, to continue to get some support from the society. They set that figure at \$663 a month. I would dare say there's nobody here who could live on that, let alone go to school. So we're asking, among other things, that this be increased.

I'd invite you to look at the materials that are in your package for the rest of the information, and I want to turn it back over to Lucia for the final word.

Ms Spencer: You have heard from us today. You have heard about the role of CASs across Ontario, and more so in Ottawa. You have heard about the protection that we offer to kids. You have also heard about the need to update the funding framework. But when we look at the mandate of CASs, not only in Ottawa but across Ontario, the problem we have is that we are unable to fulfill our mandate. You may ask why. We are unable to do so because we have to rely on the community services that exist in our respective communities; however, because of the funding cutbacks that these services have experienced, they are unable to provide intervention programs that are needed for these kids.

Yes, you have invested money in the Early Years program, and while we look forward to the long-term impact of this early investment, we are very much concerned about the immediacy of our work. We need to focus on interventions today; however, we cannot do it alone.

I'd like to quote from two well-known child welfare researchers in Canada, Trocme and Cumberland:

"Child protection systems must be able to vary their strategies and effectively collaborate with the legal system, specialized treatment services, and community programs. But whatever the objectives of the intervention plan, child welfare workers can no longer do it alone."

We believe that all sectors in our community must begin to work together. We must work with the legal arm; we must work with the medical services, education resources, community-based organizations. We must recognize the value of partnerships in our community. We believe this will not only ensure the maximum protection for children, but the maximum opportunities

for the optimal development and self-enrichment of the young people in our society. I'll try to provide you quickly three examples so you get a better understanding.

The Chair: I'm sorry. Your time has expired. Perhaps you can talk with the members about the points you want to make, or write to the committee. We appreciate your presentation this afternoon.

ALLIANCE TO END HOMELESSNESS

The Chair: I would call on the Alliance to End Homelessness in Ottawa to come forward. Good afternoon. You have 20 minutes for your presentation. You may allow time within that 20 minutes for questions if you so desire. I would ask you to state your names for the purposes of our recording Hansard.

Ms Wendy Muckle: Good afternoon. I'm Wendy Muckle. I'm the director of the Ottawa Inner City Health Project, and I'm here with my colleague Terrie Meehan representing the Alliance to End Homelessness.

The Alliance to End Homelessness is a coalition of community organizations and concerned individuals who are working together to try to end homelessness in Ottawa. As you might expect, our number one priority is affordable housing, but we also recognize that for many people, affordability is only one factor which determines the appropriateness and the viability of housing to their needs.

When government budgets are limited, it's tempting to believe that the supports and services that are provided to people who are at risk of homelessness or who are homeless are a luxury, and that cuts to service will in fact make people less reliant on government handouts. But the past years of government cuts to services and programs at all levels have proven to be a false economy. Homelessness continues to grow, and it's almost impossible today to imagine that we'll ever be able to eliminate it. However, homelessness is not a natural state in our society and it's something that we cannot accept; it's simply too costly for our society to be able to afford. Our citizens cannot participate economically or socially when they are homeless.

The alliance sees a role for all levels of government in housing. We look particularly to the provincial government for its leadership on this issue, and we ask you to mend the gaping holes in our health, social services and housing sectors which have resulted from many years of neglect.

The Liberal government platform clearly recognizes the need to invest in our children, and it's not difficult to understand why we all agree that this is a wise investment for our future. However, in Ottawa, the largest and fastest growing segment of the homeless population are families with young children, so last night, within the thousand or so people who slept in shelters, 30% of them, or about 350, were young children.

The problems experienced by low-income children are well documented in our brief. Poverty robs children of achieving their full potential. Poverty is not something

you can easily just grow out of. I work primarily with homeless adults, and I know that many of them experienced homelessness first as children. The pattern of social disruption, loss and failure which characterizes the loss of housing is a trauma which is not easily overcome and which basically conditions people to live their lives in shelters. Ontario simply cannot afford to raise our children in shelters for the homeless.

The Canada Mortgage and Housing Corp has undertaken a study of homeless families in Canada which is not yet completed. However, the preliminary findings point to a long list of negative impacts of homelessness on children, which include the disruption of their day-to-day patterns, their education, their family relationships, personal development and health, and long-term emotional and behavioural issues. Despite the excellent and necessary work of organizations that help the homeless, nothing can negate the impact of housing loss on a family and its children. Improvements in employment or the larger economy really have only a very marginal impact on the very poor. Until the supply of affordable and appropriate housing is adequate to the needs of our citizens, it is not humanly possible to end homelessness in Ontario.

Between 1991 and 2001, Ontario suffered the loss of 7,413 private rental units. While rental vacancy rates have risen, this has done little to help the homeless because the vacant units are simply not affordable. Average rents in Ottawa have increased 25% in recent years, and recently the Ontario Rental Housing Tribunal received 120 applications for guideline rent increases, covering 12,910 units in Ottawa, which basically means the empty units that we have are getting more and more expensive. Every year, the number of affordable housing units falls further and further behind the number that are needed to house our citizens.

There are basically two things that we would like you to do; there are two ways that this government can create more affordable housing.

The first is obvious. We'd like you to build more affordable housing and to encourage the creation of affordable housing through a range of policies.

The second is simply to provide more funding for shelter allowance for those who rely on financial assistance from the government for their day-to-day needs. It's impossible for a single adult living on Ontario Works to feed and clothe themselves when at least \$490 of their monthly cheque of \$525 goes toward paying rent for a tiny single room in a rooming house. Imagine what it's like to be a family trying to rent a two-bedroom apartment with \$550 per month allowed for shelter in a city where the average rent is \$939. The Alliance to End Homelessness calls for the shelter allowance to be indexed to the CMHC average rent in each municipality.

Not only is helping people solve their housing problems the right thing to do as a caring society, it also makes good economic sense to invest tax dollars in ending homelessness. The consequences of allowing the crisis to deepen are much more expensive in the long run. It would be much more cost-effective to mend the social

safety net now than to continue to try to retrieve people who fall through the holes. Please join the Alliance to End Homelessness in our vision of a society in which each citizen has a home of his or her own choice.

Terrie, I'll turn it over to you.

1350

Ms Terrie Meehan: Some of you may have noticed the child at the back wearing the "Raising the Roof" hat. He's my son. He's special-needs. The fact that we were in inappropriate housing until the end of October has really affected him. I tend to bring him to various meetings. Phil McNeely probably would recognize him from being on Ottawa city council. It's nice to see you again, Phil.

I'm still waiting for a subsidized unit that's accessible. As I said, I just moved from a second-floor walk-up that needed a lot of repairs, and the landlord didn't feel like doing repairs. I pay \$775 for rent, plus I pay hydro. I only get \$707 on my disability cheque, and I haven't had a raise in somewhere around 10 years. I have seen increases in our health benefits. Moving to our new place, I can get in and out as I please, which I'm sure annoys my fellow alliance members, because I'm the one who doesn't have to go back to an agency to get approval on a decision; I can just go and give them my crazy ideas and have them wonder what I'm coming up with next. I now have more energy to do it. I'd have even more energy, if I wasn't trying to figure out how to pay my rent and feed my kids, to do more advocating for less fortunate people. I'd like to have more energy to annoy people more with my radical ideas about giving poor people dignity. Thank you.

The Chair: Does that conclude your presentation?

Ms Muckle: It does conclude our presentation.

The Chair: We have about four minutes per caucus, and we'll begin with the official opposition.

Mr Runciman: I'll pass until Mr Baird comes back. I think he wanted to speak to this.

The Chair: We'll go to the NDP.

Mr Prue: Thank you for the realistic statistics. We've had people from the home builders' association tell us over and over that they're building affordable housing, they're building rental units, which we know—at least I know—is not true. Could you just go back over those numbers for Ottawa again? You mentioned them, but it was pretty rapid; the number of units that have been taken out of the system.

Ms Muckle: The number of units that have been taken out of our system is 7,413.

Mr Prue: Is that for Ottawa or is that for all of—

Ms Muckle: That's for Ottawa.

Mr Prue: That's for Ottawa, 7,413 rental units have been lost. What has happened to those rental units?

Ms Muckle: Actually, if you look in our brief, you'll see—

Mr Prue: I was trying to, but I was trying to listen to you too.

Ms Muckle: I'm just looking for the spot where it is in the brief, just so I don't give you the wrong numbers.

The loss has been due to the results of demolition and conversions of ownership to 24,298 units, at the same time when only 16,855 new units were being built.

Mr Prue: They also had to say that rent prices generally were coming down. I'm from Toronto, and I can tell you they are coming down in the \$1,700- to \$2,200-a-month category of apartments and townhomes, but they're not coming down in the stuff that's around \$800, \$900, \$1,000; they're actually going up. Is that the same thing that's happening in Ottawa?

Ms Muckle: It's a very similar picture in Ottawa. The higher rental units certainly are coming down, and a lot of them are vacant. If you walk around the streets, you'll see that a lot of the nice apartment buildings have vacancy signs. Unfortunately for people like myself who work in the shelters, we're not really seeing any of that. Theoretically it should trickle down to the lower income levels, but certainly for the lower 4% of the income bracket, which is really where our population is, there's not any relief in sight. In fact, in the rooming houses we're seeing the rents, which used to be around \$400 a month, most of them, for any of the decent rooming houses, are now \$450 to \$480 a month. So for someone who is getting \$525 a month, it's pretty tough to be able to afford to eat on that. In fact, most of those people rely on eating at the various food programs around the city.

Mr Prue: Do I still have time?

The Chair: Yes.

Mr Prue: OK. A couple of days ago one of the Conservative members, Mr Klees, shocked the entire committee, certainly me, in advocating a shelter allowance and that it be pegged for each of the cities in turn, depending on the average cost and saying that that would increase the welfare rates. I invited the Liberals to go ahead and do it. Can you tell me what effect that would have on the homeless population or the marginally housed population in Ottawa?

Ms Meehan: First of all, we'd have to recover from the shock of not having to choose between having food in our children's bellies and a roof over our head on a monthly basis. When I look at Ottawa's health department's basket of nutritional food, I could actually follow that for my children and not be wondering what else would fall off the table. If you look at any city's food basket and look at the rates, even on ODSP—I get a little bit more money than my colleagues on welfare—there's no way I could feed at those levels. I happen to have fun being frugal, so I am feeding my kids occasionally. There's no way I could feed my children at the levels I'm supposed to if I follow those guidelines at this point.

Mr Prue: The federal government gave Ontario a great deal of money, into the hundreds of millions of dollars last year, to help build affordable housing. I think Ontario stands alone as having built none with that money. What would you advise this government to do with the federal money for housing? I know they've made a commitment to sort of build some. What would you advise them to do, how would you advise them to do it and where, and what kind of housing would you build?

Ms Muckle: Keep in mind that I'm the health care piece of the Alliance to End Homelessness, and housing is not my particular area of expertise.

Ms Meehan: I would go with what I see in Ottawa, where the city is looking at an Action Ottawa plan that builds real affordable housing. What I have seen in my readings is that the provincial government had been looking at the middle-income housing; that's where they were focusing. Frankly, that's why the rental housing market is creating more openings. The people who qualify for a mortgage are going and getting one. I, as a low-income person, tried to get one. I budgeted it out but couldn't qualify. I budgeted it out, but I'm not rich enough to qualify.

The Chair: Mr Baird, you have up to four minutes.

Mr Baird: I wanted to go to the part of your presentation that you referred to with respect to supported housing, particularly those who are homeless or are at risk of becoming homeless who might need some sort of supported housing. I'm thinking of an organization in town like Salus, I'm thinking of some basic support that might be offered in a domiciliary hostel, whether it's to an individual who perhaps is an ex-psychiatric patient or even someone with a mild developmental delay or disability. What type of recommendations could we make that would assist the most vulnerable population, where it's not just a socio-economic issue but it's perhaps deeper or greater than that?

Ms Muckle: The first thing I'd point out is that all of us live in supportive housing at some level. None of us live in this community without supports. So when people have particular issues, they have to create a different community of support around them. Many of the programs that we have now that provide supported housing—you mentioned Salus as one—are excellent programs and are very well suited for the needs of people who live in those kinds of housing.

The challenge is that not everybody fits into those kinds of things, and there are simply not enough units. For every kind of supportive housing there are long waiting lists. Basically, if you're taking people who are the most vulnerable, you really have to market them to make them look good and promise your first-born child to get them into that kind of housing and to keep them there, because it really is a buyer's market and they can pick and choose people they feel would best fit in there.

The supportive housing systems that we have right now are not necessarily appropriate for people with concurrent disorders, and that's a big challenge in the system. By concurrent disorders, I mean people who have both a psychiatric illness and an addiction. It's well-known in the literature that at any given time about 30% of people with mental illness will have an ongoing addiction problem. Because of the problems that creates in housing, they're not a population that people are lining up, necessarily, to want to house. The previous government put some money into housing for concurrent disorders, but it's the tip of the iceberg. It's a very small proportion of what is really needed. So we have a whole

group of people who are condemned to living out their lives in shelters because there are no other forms of housing for them. People with concurrent disorders are a good example. People with extreme behavioural issues and mental illness are another example.

Another very sad example is the elderly. Although in Ottawa there are empty units in homes for the aged and long-term care, in the shelters there are a lot of elderly people who are, on paper, eligible for those services but in fact are rejected because of the kind of system we have. It is up to the operator to accept or reject people who have made an application to them. We have people who have been waiting for two, three and four years to get into a nursing home or a long-term-care kind of situation and simply will not be accepted by anybody.

1400

The Chair: We'll move to the government.

Mr Peterson: Thank you for bringing home to me that families are now facing this homeless problem. I guess, having grown up in Toronto, I've always thought it was more of a single-person problem because I've seen more homeless people on the street as single people.

What we're doing here today is a great description of what exists. If we try to prevent homelessness, one of the big components is mental health. Is there any way we can do an earlier diagnosis of the problems of our youth with mental health to prevent all the horrific costs later in life?

Ms Muckle: Youth is not my area of expertise but I would say that there are a few effective services in place for youth when they start to have mental health problems, and not enough supports for families or for communities to be able to help them effectively. I guess the short answer would be yes.

Mr Peterson: If you could help direct me to those areas where we could—I'm thinking of that as part of greater participation in the physical health in our province. I'm part of the department of recreation and we're trying to combine with education, health, youth and children's services to improve the level of physical fitness. I think it would be nice to include a mental health component in that, and the simpler we could make it for that component—it would be interesting. I'd appreciate your help in getting any information I could.

The Chair: Thank you for your presentation this afternoon.

LEONARD AVRUCH

The Chair: I would call on Leonard Avruch. Good afternoon. You have 10 minutes for your presentation. You may allow time within that 10 minutes for questions if you so desire. Please state your name for our recording Hansard.

Dr Leonard Avruch: My name is Leonard Avruch. I am a radiologist. I practise at the general campus of the Ottawa Hospital. I want to thank you for giving me these 10 minutes.

You had a presentation this morning by Dr Hammond, talking about radiology equipment in general in eastern

Ontario and the Ottawa Hospital. I want to focus on the problem of MRI waiting lists in this region.

I subspecialize in MRI. I've been doing it for 18 years. I've been dealing with waiting lists for 18 years, and every time I think it's going to get better it only gets worse. Part of the problem is that the population is aging, is getting sicker, with more serious disease. Also, the technology has improved considerably in those 18 years and it's a very versatile diagnostic piece of equipment, so the demand keeps going up for this imaging modality.

Currently at the Ottawa Hospital we have two machines, which is totally inadequate. If you compare our machines per capita in eastern Ontario with the rest of the province, we're way behind the eight ball. We need, right now, at least two additional machines just to catch up with the rest of the province.

I know that machines have recently been approved for the Queensway-Carleton and the Montfort hospitals. This will obviously help the waiting list in the short term, but in a few months or a year from now I can guarantee you that the waiting list will go up again.

Not only do we need a minimum of two additional machines for the Ottawa Hospital for patient care, but we also need them for our other mandates of teaching and research. This is a teaching hospital, it's a tertiary care hospital, it's a cancer hospital, and we need these machines to provide all the services we are mandated to provide.

I did provide a handout for you. I'd just like to point out a comparison that perhaps would bring the point home. If you compare Rochester, New York, to Ottawa, Rochester has a similar population of about one million and it's a tertiary teaching care centre. It has about the same number of radiologists in the department in a similar-size hospital, and yet they have seven MRIs available for their clinical teaching purposes and we have currently two. The situation is totally inadequate.

Are there any questions you'd like to ask?

The Chair: We have about nine minutes, three minutes per caucus, and we begin the rotation with the NDP.

Mr Prue: The government has a deficit, a big one. The government is looking at several options. One option is to run a deficit, although I don't think they're seriously looking at that one. They could raise taxes, or they could cut programs, and I think that's where they're looking.

Where do you see your need falling into that? The need is great, there's no question. We've had a great many groups coming forward and I'd like you to address to the government where you think they should find the money. Is it from cutting some other service to give it to you? Is it raising taxes? Where do you see it coming from?

Dr Avruch: I did think about this and I discussed it with my local MPP, Jim Watson. The most reasonable thing I could come up with for a short term, as a temporary measure until the deficit and the debt are handled, is to actually spread the pain around a bit.

The current operating grant for an MRI machine for one 40-hour shift is \$800,000 a year. It doesn't require

that much money to operate it, so the hospitals are actually getting more than they need for operating the MRI. The hospitals need money for other things, but not all of that is going to operating MRIs.

If you cut that amount down by a quarter, in other words to about \$600,000 per machine, you'll have enough for an operating grant to run the machines that are currently in existence plus money left over to operate another 17 machines in the province, by using no additional operating funds.

You have a short-term solution to that problem, and once the deficit is conquered you can increase the amount back up to the \$800,000 or whatever is deemed necessary. So there is a short-term solution.

Mr Prue: Do you think that the hospitals will be willing—

Dr Avruch: The hospitals are not going to be happy with that, but you have to spread the pain around. Right now, eastern Ontario is suffering more than any other part of the province.

Mr Prue: We also heard this morning from another doctor that there were federal monies made available that really have never been spent. Do you have any—

Dr Avruch: Yes, the federal medical equipment fund. My understanding is that it's been distributed to the provinces, but that money is actually for capital costs. The capital cost for MRIs is raised in the community; the Ministry of Health and the Ontario government never see that money. The only outlay that the government spends is for operating grants to the hospital, and of course professional fees to radiologists. So the capital costs are really off the budget.

Mr Prue: Your comparison with Rochester is a very interesting one. In any way is this related to their type of medicine, which is not like ours, which I think is inferior to ours, but where you can pay to get yourself to the top of the ladder? The MRIs are there because you can simply go out and pay for them and you can get whatever service you want, just like a hockey player.

Dr Avruch: I think most of the costs for MRIs in the States are covered by insurance plans. The employers basically pay for that. It's just that there isn't a single payer and the population in general is more demanding. They expect it, and they expect it to be paid for, and the insurance companies pay for it. There is not a monopoly. You have to come to the fact that in Ontario there is a monopoly on MRI services, and the only place anybody can go to get these services is to the United States if they're not available here. The government has a moral obligation, since it has a monopoly, to provide adequate services.

Mr Prue: Well said.

The Chair: We'll move to the government.

1410

Mr McNeely: I'm glad you're here today because we had a presentation earlier this morning—I didn't get a chance to ask my questions. Information we received last fall—I believe the research was done by one of the local

newspapers—was that we had about 45% of the MRIs per capita that they have in Toronto. I think it was 2.2 compared to one—2.2 there, one here. I'm not sure of the numbers, but it was a per capita basis. We looked at the health dollars for this area, and I don't know how this has happened, but the health expenditure per capita is about 85 cents, compared to \$1 across the rest of the province. I think Kingston was \$1.24. How do you think these inequities get into the system? Why is Ottawa in such a need of fairer spending on health?

Dr Avruch: My understanding of it from talking to administrators was that, at least at the Ottawa General Hospital, they used to get part of their funding from Quebec because they served so many Quebec patients. The funding formula was adjusted because of that. The number of Quebec patients has declined significantly since then, and the funding formula, as far as I understand, was not readjusted to account for that loss of income. That's my understanding.

Mr McNeely: MRIs—my neighbour went over, but so many people go over. I think for \$700 you can get an MRI in Gatineau within a week. This is not a good situation.

I'd like to ask research, could they supply information on the MRIs per capita in the various parts of Ontario, specifically eastern Ontario compared to other parts? The health dollar too: What is the dollar per capita? Take into consideration, I think the only benefit we're getting from Quebec now is that we can get an MRI by going over there.

I thank you very much.

The Chair: We'll go to the official opposition.

Mr Runciman: I didn't realize. John was just saying that you can go over to Hull and get an MRI next week for \$700 or \$800. I think the government should be asking the federal government why Quebec is allowed to do that and other provinces would be found in violation of the Canada Health Act.

I think we're going around in circles on this issue. It seems to me what you said, Leonard, with respect to a monopoly is dead on. There's a monopoly situation in this province. It seems to me that it could be addressed rather quickly and easily, although you would have trouble with the entitlement mentality of a lot of Canadians with respect to free health care. But if a hospital setting, for example, was allowed to—the problem is there's an envelope of money that currently is allocated to a given hospital or service and the hospital has to operate within that envelope in terms of the number of procedures, the number of tests that it can do—CAT scan, MRI, whatever it might be.

What if the hospital was allowed, beyond those normal operating hours—the physicians as well—to operate their MRI, to operate their CAT scan, and to allow people to pay that fee beyond the normal operating hours, which would fall within the priority listing for people who come for a test or for orthopaedic surgery, for that matter. That's the way that we're going to address this. You can address these kinds of backlogs and

waiting lists quickly and overnight. People who do not want to get into that stream obviously have that option, but they'll find that their waiting list for a procedure or for diagnostic testing would be reduced dramatically. But of course you run into this brick wall in Canada, especially I think in Ontario, where you can't move in that direction. To me, that's a remedy that could be found very quickly. I'd like to hear your views.

Dr Avruch: You're talking basically about two-tier medicine then, and that's a societal and political decision. As many people have said, there's only one taxpayer, there's only one—

Mr Runciman: You're going to Quebec to get it, you're going to New York state to get it. That's the reality.

Dr Avruch: Yes, you can, absolutely. Again, that's a political decision as to whether you want to allow certain people access by being able to pay privately within Ontario. Certainly if we did it, we could probably provide it cheaper than the private MRI on the Quebec side. Still, that's not really what I'm trying to address here. We're working within the system we have, and we need more machines within the system we have.

Mr Runciman: We'll never get a solution. That's the problem.

The Chair: Thank you for your presentation this afternoon.

TOWN OF SMITHS FALLS

The Chair: I would call on the town of Smiths Falls to come forward, please. You have 20 minutes for your presentation. You may allow for questions within that 20 minutes, if you so desire. I would ask you to state your name for the purposes of Hansard.

Mr Dennis Staples: Thank you very much. My name is Dennis Staples. I'm the mayor of the town of Smiths Falls.

The town of Smiths Falls expresses its appreciation to the government of Ontario for this opportunity to present some comments and suggestions on the development of the next Ontario budget.

Our submission identifies the following areas for consideration by the standing committee on finance and economic affairs: First is the infrastructure program; secondly, provincial education tax; third, the municipal property assessment system and tax regulations; fourth, provincial-municipal services responsibility; and finally, health care funding.

First of all, I'd like to give you a bit of a profile of the town of Smiths Falls. The following data in your package provides an interesting profile and description of selected demographics for the town of Smiths Falls. The separated town of Smiths Falls is located in Lanark county and currently has a population of 9,140 citizens. That's from the 2001 census data. This represents a 3.3% reduction in population as compared to the 1991 census data.

During the past two decades, the town has seen both an overall reduction in population and a net reduction in

overall employment, mainly due to downsizing at the largest employer in our community, the Rideau Regional Centre, which is operated by the Ministry of Community and Social Services. To date, this has resulted in a reduction of over 1,200 Ontario public sector jobs in our community. Furthermore, it is our understanding that all remaining jobs at the Rideau Regional Centre, which currently are in the range of 600 to 700, will disappear in the foreseeable future.

The separated town of Smiths Falls represents approximately 15% of the Lanark county population and is responsible for over 40% of the county's social services caseload and resulting costs. In addition, Smiths Falls continues to attract a significant number of individuals dependent on social assistance in spite of caseload reduction efforts throughout the province. The average earnings income for Smiths Falls is \$25,763. This is 27% less than the provincial average of \$35,185. That is taken from the 2001 census data.

The town has also been burdened by a high debt load associated with a new waste water treatment plant built in 1992, and is now faced with major capital decisions related to our water treatment plant, arena replacement and some additional capital work now required at the waste water treatment plant.

Infrastructure program: Municipalities require a predictable, responsive and equitably funded infrastructure program, endorsed by the provincial and federal levels of government, to allow responsible capital planning at the local municipal level to address critical systems to meet the needs of our industrial, commercial and residential sectors. Many municipalities throughout Ontario face serious difficulties with respect to aged, deteriorated local infrastructure that is in need of major repair or replacement. This includes water plants, waste water plants, arenas, schools, hospitals etc.

The town of Smiths Falls at this time seeks provincial assistance as well as federal assistance to proceed with the replacement of our water treatment plant, replacement of our arena and an upgrade to our waste water treatment plant. During the past three years we have made several attempts to obtain provincial funding support for these local capital projects but have been unsuccessful to date.

Therefore, our request in connection with the upcoming Ontario budget is that the province will structure an arrangement with the federal government to formally establish and continue the one-third federal, one-third provincial infrastructure funding program to assist municipalities in Ontario with our capital infrastructure requirements.

The next section deals with provincial education tax: Since the year 2000, the town of Smiths Falls has attempted on several occasions to seek resolution on the provincial education tax rate assessed on the commercial sector in Smiths Falls. This rate is the highest of all counties in the province, highest of all separated towns in the province and even higher than some of the larger cities in the province, including Toronto, Windsor, Sud-

bury, and Ottawa. This significant education tax inequity faced by the businesses in Smiths Falls is unfair from a fairness perspective, and we continue to seek provincial support for a resolution to this important matter.

Furthermore, we wish to again make the province aware that during the past five to six years the separated town of Smiths Falls and the county of Lanark have conducted lengthy and extensive negotiations in connection with the town of Smiths Falls rejoining the county. This restructuring would be of benefit to both parties; however, the most significant impediment continues to be the provincial education tax rates, which are higher in Smiths Falls in comparison to the county of Lanark.

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The province has proposed that Lanark county and the town of Smiths Falls blend the commercial education rate. This methodology would increase Lanark county's rate by over 5.5% and the blended rate would be 11% above the provincial average. Approximately \$250,000 of education tax would transfer to Lanark county from the town of Smiths Falls.

This solution is not acceptable to the county of Lanark in that 63% of the county's commercial assessment is in the towns of Perth and Carleton Place. This increased education tax burden would fall directly on the commercial taxpayers in Perth and Carleton Place and the county of Lanark is unwilling to absorb the impact of the blended rate. Thus the efforts of the separated town of Smiths Falls to rejoin county government in Lanark have reached a serious obstacle. Therefore, our request in connection with the upcoming Ontario budget is that the province address and resolve the serious inequity in our education tax rates.

The next section is the municipal property assessment system and tax regulations: The town of Smiths Falls requests that the province undertake a review of the current property tax system in Ontario and introduce a reformed property tax system that more fairly reflects the interests and ability of property owners to maintain their properties and pay the resultant local municipal property tax.

The town of Smiths Falls supports the growing list of municipalities that have requested for a number of years that the capping system on commercial and industrial taxes be revisited, and preferably scrapped, thus eliminating the major discrepancies it continues to cause.

Many businesses in our town, and indeed across the province, continue to carry a share of the tax burden that is higher than their assessment would otherwise dictate, while others pay far less tax than they should. We fail to see why one business should pay another business's taxes. The whole capping concept is in direct contradiction to what market value assessment is intended to accomplish.

Therefore, our request in connection with the upcoming Ontario budget is that the province undertake both a review and reform of the property assessment system.

The next section is provincial-municipal services responsibility: It is our strong belief, along with many

other municipalities, that a number of the earlier decisions to transfer service responsibility from the provincial government to local municipal government have not been beneficial to our citizens, have not been cost-neutral to the local municipality and have resulted in a number of new services that should not be funded from the local property tax base.

In November 2002, an extensive report, entitled *Future Directions*, was prepared by the eastern Ontario wardens' group outlining serious inequities faced in eastern Ontario due to the impact of the local services realignment initiative. This report, as we understand it, was presented to the Minister of Municipal Affairs in late 2002. To date, to the best of our knowledge, there has been little or no response from the province.

Therefore, our request in connection with the upcoming Ontario budget is that the province undertake an immediate review, in consultation with municipalities, of the impact of the local services realignment initiative.

The final section is health care funding: The town of Smiths Falls in the recent past has decided to contribute over \$2 million to the redevelopment of the Smiths Falls site of the Perth and Smiths Falls District Hospital. Our community believes this to be both a critical and priority investment in our local hospital as well as in the ongoing economic health of the town of Smiths Falls.

The capital funding formula established by the province requires that 50% of funding be raised locally to match the 50% provincial capital contribution. Given the serious fiscal pressures already faced by the town and the local demographic makeup of the town—that is, low per capita income, high levels of social assistance, declining population growth and high education taxes—we seek special consideration from the province in this area.

Therefore, our request in connection with the upcoming Ontario budget is that the province provide an increased level of capital funding contribution to assist with the redevelopment of the Smiths Falls site of the Perth and Smiths Falls District Hospital.

Finally, on behalf of the citizens of Smiths Falls and our council, I wish to thank the pre-budget consultation committee for this opportunity to present input and comments. I offer each of you my congratulations for your success in the recent election. Thank you for the good work you do on behalf of the citizens of Ontario.

The Chair: We have just a little over three minutes per party. We begin with the government.

Mr Colle: Thank you very much, Mayor. I think yours is one of the more precise and well-documented and understandable presentations that we've had, so I want to congratulate you and your staff for this very clear and concise overview of the state of affairs in Smiths Falls. You certainly have your work cut out for you as mayor. I can imagine you're juggling a lot of different responsibilities. Thank you for giving us this opportunity and sharing some of your problems with it. I think you've raised a number of very interesting challenges for us that hopefully we can look at and try to help you with. The one thing—I think announced yesterday—is that there

seems to be a reinstatement of the infrastructure program, so that might be something that might be of help immediately. I guess your biggest problem is this relationship with Lanark county and the education tax rate. Why is there such an anomaly in your commercial rate for education purposes?

Mr Staples: My understanding of the history is that at the time when the province took full responsibility for education funding, the amount of money that was being extracted from municipalities throughout the province was based on a calculation. So therefore in the past, if we provided X in terms of education funding from our local tax base, the formula that was established would extract that same amount of money. That's the best answer I can give you. I know there are disparities throughout the province. I have the Hansard here from March of last year which lists all municipalities in the province. I know the residential tax is uniform throughout the province, but on the commercial-industrial side there are discrepancies. I should offer comment on the industrial side. There's a program in place called the business education tax reduction program that's bringing some of those rates down, but I continue to hear regularly from our business sector in terms of why the commercial rate in Smiths Falls is higher than the rest of the county, other counties, the three other separated towns and some of the cities that I've mentioned. That's the best answer I can give you.

The Chair: We'll move to the official opposition.

Mr Runciman: Thank you for the presentation. I was just curious as well about a comment you made in your submission—perhaps in the written submission—about the infrastructure project applications that you've made in the last few years which had been unsuccessful. I just wanted a brief history of why they were unsuccessful. Why do you think they might be successful now?

Mr Staples: There are a couple of reasons. Programs have been put in place that are meeting the needs. However, sometimes a program would come to an end and we would get the answer at the provincial level, the feds aren't approving more, and we'd get that type of answer. If I can make one point today, it's that some of the infrastructure requirements that we have in this province will not be solved within the two- to three-year time frame; they'll be ongoing for the future. If we can take care of the requirements in our community, you won't hear from Smiths Falls for another 50 years or so until this infrastructure wears out. There's a requirement for us to start putting money away for that eventual replacement. If I can make one point, it is to have a program in place that both levels of government can co-operate on and provide those needed funds at our level to get on with some of the work we have to do.

Mr Baird: Thank you very much for your presentation, Your Worship. I certainly share your view on infrastructure, particularly the critical infrastructure with respect to water treatment and waste water treatment. I think too often we can get into arcane debates about who has what money and so forth. Obviously, for a muni-

cipality with your tax base, basic fundamental needs—there are needs and there are wants. Certainly with respect to water treatment and waste water treatment, those are requirements. There is no debate about that. With the particular tax base you face, we have to impose certain realities, not just on you and your citizens but on the government as well. We have to make choices in terms of recommending to the government what choices they might make. I'll certainly take those—particularly those two—back when we are discussing the recommendations, because it is challenge. Those are very well put.

The Chair: We'll move to the NDP.

Mr Prue: I have a couple of questions, if I can fit them all in. On the closing, or anticipated closing, of the Rideau Regional Centre that's going to take 600 to 700 jobs away, have you approached the government to ask them to reverse that closure?

Mr Staples: There have been discussions in terms of the impact of that on our community. I should also add that there have been some efforts made to repatriate some public sector jobs in our community.

Mr Prue: That was my next part. Have some come in?

Mr Staples: Some of that has occurred, yes.

Mr Prue: There is an answer for the town. It's not going to shut it right down.

Mr Staples: It's not the total answer, but there is an answer.

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Mr Prue: You're the first mayor who has come before us—and we've had a number of them—who hasn't talked about the gas tax. I'm just curious about your position on whether or not the government should live up to its promise to give two cents of the gas tax to the towns.

Mr Staples: Of course, and there's some mention in the federal throne speech as to getting some of that.

Mr Baird: He can pull it out of you. He's pretty sharp. He's a former mayor himself.

Mr Staples: I didn't want to put everything in here, but thank you for that.

Mr Prue: Since I'm just flying right along here, I also had one other question on your recommendation that the province undertake a review and reform of the property assessment system. We've had a great many people come before us with complaints about MPAC. We had some today from Renfrew. On the day we went to Niagara Falls, there was a meeting in my riding, which I couldn't attend, that drew 200 people in Toronto upset about that. What kind of reform do you want to see? Do you want to see it scrapped and rebuilt? Do you want to see the directors all fired? What exactly are you looking at?

Mr Staples: Personally, I'd like to see a system that produces fewer fluctuations that property owners have to deal with. For example, the day the notices were sent out a gentleman came into our town hall—we take all the complaints, of course, as you can well imagine. A property in Smiths Falls was 40 to 50 years old, and

between the last assessment and this assessment it went up \$95,000. This gentleman was saying, "How can I manage an extra \$1,800 of municipal taxes because of this?" He doesn't fully understand the rationale for that.

Basically, the system is probably good, but if we can find a way to have fewer serious fluctuations from one year to the next, this will enable people to manage their finances and stay in their homes.

Mr Prue: There are many people who suggest the system doesn't work because it is largely computerized, it's all done on the computer and no one actually goes out and looks at the property or assesses the property; they just look at the square footage, the size of the building, punch a couple of numbers into a computer and up pops your property value.

If we're going to rely on this, should we also be suggesting to MPAC that they need to start doing visual assessments, actually going to look at properties to make sure that the computer is right?

Mr Colle: How can you go to four million properties every year?

Mr Prue: That's the question.

Mr Staples: We're serviced out of the Brockville area. They do make visits from time to time and inspect properties.

Mr Prue: Is that upon complaint that they come?

Mr Staples: Not to my knowledge, no.

The Chair: Thank you for your presentation.

OTTAWA AND DISTRICT LABOUR COUNCIL

The Chair: I call on the Ottawa Seniors Action Network. I'm sorry; I'm out of order on my list. It should be the Ottawa and District Labour Council first. I apologize.

Mr Sean McKenny: That's OK. It happens all the time.

The Chair: You have 20 minutes for your presentation. You may leave time within those 20 minutes for questions if you so desire. Please state your names for the purposes of Hansard.

Mr McKenny: Sean McKenny, Ottawa and District Labour Council.

Ms Marlene Rivier: Marlene Rivier, Ontario Public Service Employees Union, local 479.

Mr McKenny: I know the time has started, but I have just a couple of points. I've been here, the same as all of you, since 8 o'clock this morning. I made a couple of notes during the day on two specific issues. I'll just read from those notes. One here says, "It was pointed out that this committee is all male and white." Oh, I made a mistake. It says, "Don't say this." That was something I shouldn't have said.

The other point I wanted to bring up is the Cheryl Gallant fiasco that happened earlier on. I have a problem with that process. I'd certainly put in a suggestion that this committee, in order to make things right, add a day on to the consultations and come back to Ottawa. There

were several organizations here today. There were organizations that couldn't come out here today because, unlike the group from Renfrew that had the money to come out, these people actually don't have the money to be able to come out, yet this committee has the audacity to let them make a presentation—not that I'm opposed to democracy, by any means.

On that note, good afternoon. The Ottawa and District Labour Council is comprised of 90 different local unions representing approximately 40,000 working men and women in the Ottawa area, women and men whose workplaces cover a wide range of areas and sectors, inclusive of health care, education, child care, municipal, provincial and federal security guards, hotel and restaurant workers and on and on.

We thank the standing committee on finance and economic affairs for being here today and listening to those from within our community, and those outside, as you've just heard from the mayor of Smiths Falls. The key word is "listening," and for the last eight years our provincial Tory government knew how to do everything but. It knew how to slash, it knew how to burn. It had very few consultations, and when it did, no matter how loud the voice, it didn't listen. It didn't listen because it couldn't understand, and it couldn't understand because it wouldn't listen.

Interestingly enough, our city is going through a pre-budget consultation itself. Referred to as the universal program review, our citizens in Ottawa are providing input into a process that hopes to determine whether or not approximately \$100 million in cuts can be realized—certainly nothing of the magnitude of a debt in the billions of dollars, thanks to the previous Conservative government's inefficiencies, but an exercise where there is input provided regarding the programs and services in our community.

The one factor that's becoming apparent in Ottawa, in our city, when it comes to our universal program review, is that the ideologies of our city councillors, despite assurances that the public consultations and input provided there would be the determining factor in cuts to programs and services, if any, are becoming the determinant.

Our local newspapers, the Ottawa Citizen, the Ottawa Sun and our community newspapers, have reported that city staff point out that at this stage the majority of those attending the public consultations have clearly indicated that they want no cuts to programs and services, and if that means an increase in our taxes, it's unfortunate, but so be it.

City councillors claim that special interest groups have dominated the meetings and that's why the results are the way they are. Simply put, if the results don't agree with the councillors' individual beliefs or ideals, the results must be skewed.

We have just rid this province of a bad government whose mismanagement is one of the reasons why you're all here and why we're all here. In our city, they're asking us to prioritize, kind of like what some of you are

attempting to do through these consultations. The vast majority of us here are saying you can't. Each program and each service is a priority in itself, is a priority to someone.

Ontario's education minister said just last week that residents will have to decide how high they want to place public education, and they'll have to decide what they will give up to see the province's education system improved the way the Liberal government has promised, such as class sizes, I guess.

It's completely lost upon some of us how we can be expected to put education over health care or health care over education, pit supporters or users of one service against the supporters or users of another.

The people of Ontario voted for an end to tax cuts. The people of Ontario voted for an end to governments whose main mandate is to cut from those in our province who are most vulnerable.

I want to be very clear. I do not advocate for an increase to the taxes we pay, but I am advocating a quality of life for the people of Ontario. How can any government that claims it is acting in the best interests of the people who live and work here strive for anything but? "The people" includes those within the business community.

One of the comments we continue to hear from some governments is that we have to live within our means. If we're living beyond that, that means, then we need to scale back, akin to any family which lives within a budget. If you don't have it, you shouldn't spend it.

Let's go with that for a moment. Let's take a situation where we have a family of four—a mother, a father, a young son and young daughter—and both the children want to play hockey more than anything else, but the money is not there to put both the daughter and the son into a league. The costs of equipment, the cost of the league itself, the getting to the games and practices are all hard costs that this family unfortunately can't afford. So a second job is temporarily taken so the young daughter and the young son can play—something that any and all parents would do in a heartbeat to provide a quality of life for their family.

Sure, no question, as a province we need to live within our means, but a government must also ensure that all within its borders are provided a quality of life. A quality of life is not solely about money.

I want to go back for a moment to our own universal program review taking place in Ottawa, which I referred to earlier, and draw upon a comment made by our board of trade here when reference was made by a few city councillors that our city should be looking at new ways of doing business, inclusive of contracting out, privatization and public-private partnerships; it's all the same. Her first and only comment at the time was that such a direction would be great for the businesses in the community. Of course, how could it not? How could privatization, which includes public-private partnerships, not be something that anyone involved in that specific area through ownership not champion? Quality be damned.

Overall excessive costs, five, 10, 20 years down the road—irrelevant. Human life—unimportant, as with Walkerton.

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What a great opportunity, though, for the business community to advocate for holding the line on taxes, because if you hold the line and revenue is needed—which it is—the easiest method of finding revenue, at least short term, or of showing that the books are balanced, even though they may not be, is through contracting out, privatization, which again is inclusive of public-private partnerships. It's win-win, especially if I'm into building hospitals and toll roads, and especially if I'm a government where the bottom line is all that is relevant.

It's not lost upon anyone how the Conservatives decimated this province. It's also not lost upon anyone that it's going to take time to repair the damage that has been done. You can't be looking at an overnight fix. It makes absolutely no sense.

This is your sixth hearing date and, I believe, the fifth city. If the number of today's presenters is any indication—you've heard from approximately 115 to 120 presenters up to this point—by the time Kitchener-Waterloo rolls around, you'll double that number. In addition you will have received written submissions, which may very well end up numbering into the thousands. Labour's message, along with some others, will be close to the same: You need to reinvest in public services. You can't afford to cut. Privatization, which includes public-private partnerships, is a bad idea. Reference will be made to the importance of the Ontario alternative budget.

I noted earlier that I did not advocate an increase to the taxes we pay, but that a quality of life must be a priority with this or any government. If to attain that quality of life a tax must be generated, then it is incumbent upon a government in office to ensure that appropriate steps be taken.

I'm still trying to figure out how we got to this: "The people do not want to see an increase in the taxes they pay." I'm trying to figure out where that came from—certainly not those I've talked to, certainly not those who now find themselves having to pay user fees or finding out that a service that they now require for whatever reason has been scaled back or just simply disappeared.

Back to Ottawa again, where our city councillors here continue to brag about having not increased taxes for the past six years—sound fiscal policy? Acting in the best interests of the constituency here when we now find ourselves in a crisis? If anything, they should be held accountable for acting irresponsible and maybe even liable for such poor decisions based on the wants and desires of so very few.

I've been involved in the labour movement for 25 years. I have and will continue to provide comment and opinions such as this. Because I provide comment and opinion, it is incumbent upon me to attempt to read—to listen, John Baird—to understand policies and legislative direction, to attempt to keep current.

I have difficulty with that because certain areas such as finance are so broad and can be so complex. I strongly suggest that if any committee member believes that they have a complete handle on Ontario's finances, they are badly mistaken or incredibly naive.

So if those of us who are involved because of our livelihood have difficulty, how can the average person understand? If I'm promised more disposable income through a tax cut, how can I not be pleased and accepting? If I'm promised that taxes will be frozen so that in addition to an increase to my salary, I will have more disposable income, how can I not be just as pleased?

That's what has happened in Ontario over the last eight years, and it took eight years for everyone to realize that despite assurances and promises, the few extra bucks in the pocket was short-lived, and the cost, inclusive of those few dollars and then some, far outweighed any personal benefit.

People elect government to office because there is a level of trust. We trust that your decisions will provide us, inclusive of our children, with a better quality of life, not a quality of life void of the necessities brought on because some make the assumption that people here do not want to see an increase in taxes. Understand that no one, including me, wants an increase to the taxes we pay. Also understand that most are prepared to pay that increase if it means a better quality of life.

I do believe that we have a government that is attempting to listen to the people in the province. Whether the government will understand, we'll have to wait and see, but I really do believe that there is some sincerity here.

I just want to work toward a close. Marlene will jump in by speaking briefly about what some of us believe should be more of a focus. That's the whole issue around monies received by the province and municipal governments from the federal government.

I know that over the last week or so, we've seen some indication that the current federal Liberal government is attempting and seems to have a willingness to work closer with the provinces, inclusive of Ontario, toward a fairer and more equitable distribution of monies. It seems to some of us that perhaps this should be a priority with Ontario's government. Perhaps we can attempt to work together, or a little closer on the federal government transfer of money to the provinces issue. At the same time, there need to be discussions between the province and municipal governments. Marlene?

Ms Rivier: I want to thank Sean for giving me an opportunity to say a few points with respect to health care. We're being bombarded by the message that we can't afford our public health care system. Well, I'm a front-line hospital professional, and my message to you today is that we can't afford the privatization of our health care system. Americans pay 14.9% of GDP for health spending, and despite that, 43 million Americans are uninsured; that's greater than the population of Canada. Health care costs are a leading cause of personal bankruptcy in the States. Canadians spend only 9.7%, and many of us are very concerned about the drift we're seeing in the direction of an American system.

We're also seeing the importing of business models into health care that stress competition, but in health care what we need is co-operation to ensure that all Ontarians receive service equitably. We need to stop the P3 projects that are unfolding at the Royal Ottawa where I work, and in Brampton. These projects cost more to finance. Any savings that are realized are due to the fact that they build smaller hospitals and reduce services in order to generate profits.

We need to stop the proliferation of private MRI and CT clinics. They do not solve the problem, as Mr Runciman implied earlier today. What they do is they drain off much-needed health professionals from hospitals. We've already seen this in Kingston, where we've lost registered technologists to the private clinic. The wait for critically-needed MRIs in the hospital is now increased because they don't have the staffing. We have a critical shortage of health professionals in this country and in this province, and opening up private services only drains them out of the public system and increases the wait for those who can't afford to pay.

I also wanted to address the issue of the CCACs, many of which have been privatized, and the degree to which this has destabilized care in the community. This is critical when we send people home from the hospitals much sicker than they've ever been. We've destabilized that provision of health care in the community by a process of private sector bidding every two to three years for the opportunity to provide those services. We don't want the responsibility for our health care going to the lowest bidder; we want it going to the best providers.

The other area I wanted to touch on is long-term care. What we've seen in the current funding formula in long-term care, where there's a great promotion of the private sector coming in, is that the funding now favours for-profit providers over non-profit providers. We now have no minimum standards for nursing care in long-term facilities, and we need to restore those standards of care. These are the most vulnerable people in our community who are served there, and with the loss of support through the CCACs they can't be maintained in their homes, which of course would be cheaper. They're also our seniors and they deserve better. Thank you.

The Chair: We only have three minutes left for questioning. We'll have questioning from one party, and this rotation goes to the official opposition and Mr Baird.

Mr Baird: You get me. Aren't you lucky?

Mr McKenny: You bet, John.

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Mr Baird: Just to thank you for your presentation.

First, perhaps to Marlene: Marlene was a candidate for the Legislature in the other Nepean riding, and she handled herself with a lot of class throughout the campaign. I may have disagreed with her on many issues, but she was a passionate advocate for the positions with which she is strong.

You've certainly indicated that you want to see the government listen. Well, they're prepared to listen, because any promise they made they're quite malleable on

and they're open to considering other things. I will concede that this government will listen like no one. They won't just listen to you, though; they'll listen to other folks.

It's important to differentiate: These guys here are great guys, fantastic people, but there are others in Queen's Park you should be more concerned about. The real fear I have—this is more a comment than a question—is that we were promised more money for health care and education, we were promised no tax increases, we were promised balanced budgets and we were promised no spending cuts. Well, the worst thing that could happen is we could get none. It's not that they'd be choosing (a) or (b) instead of (c) or (d), but we could very well get none, and that is certainly a concern.

I want to congratulate the government for bending one of their promises: the fact that they're keeping, as you called it—and you work at the Royal Ottawa hospital, so I will defer to your good judgment, Marlene—the P3 hospital. I was there to personally lend my support—Mr McNeely will smile; he'll know that I was there—to Dalton McGuinty and the Liberal Party for keeping the privatized hospital. They called it something different, but I was certainly supportive of it. It's an honest disagreement between us, and there's certainly nothing wrong with that.

In fairness to the government members, one of the difficult challenges, as you say, is you can't make priorities, you can't choose between (a) and (b), and that is actually—I think I can speak for all members of the committee—the most difficult. We actually have to do that every day, and one of the most difficult decisions an elected representative and a government can be called upon to make is to create the right balance for children's services, health care, education. There will be a whole lot of people who never come before us. No one is coming before us today to talk about people with developmental disabilities, but each and every one of us will have to think about them. No one is coming up today to talk about services for geriatric care, but that's every bit as important. So that is the challenge we face, and it's difficult. It's much like your members face in their own lives, and that's what we face, so I think it is a challenge for all of us, but we appreciate your thoughts.

The Chair: A short reply, if you care. You have about a minute.

Mr McKenny: Again, I'm at a loss for words, because I think Mr Baird was trying to agree with me in part, at least in some of what I said, which is just amazing. I guess that's the point that we were trying to make and we continue to make at the city level and we're trying to make to you: that we believe you can't prioritize. We know all about decision-making, John; this is something that all of us as adults have to do each and every day. We're talking about something different; we're talking about prioritizing. Again, we strongly suggest that it can't be done, because each one of those programs and services is just as important as the others.

The Chair: Thank you for your presentation.

OTTAWA SENIORS ACTION NETWORK

The Chair: Now I would call on the Ottawa Seniors Action Network. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you desire. I would ask you to state your names for the recording Hansard.

Ms Evelyn Shore: My name is Evelyn Shore. I'm one of the co-chairs of the Ottawa Seniors Action Network, which I will refer to in the rest of this as OSAN. I was going to say, "Good afternoon, ladies and gentlemen"—oh, we do have a lady. Sorry, I didn't see; I thought it was all gentlemen. Thank you for giving me the opportunity to speak to you today. You were all given information packages. You should have one in front of you that is a summary of the changes to the health care system.

There was a workshop that we held for seniors on September 27 last year here in Ottawa. It was organized by OSAN, which has been in existence for 11 years. The goals for the workshop were to inform seniors about the changes to the health care system that affect their lives, to allow participants to voice their concerns and to ask politicians what they were doing to advance health services in Ontario. The approximate number of people attending was 65 seniors and 10 provincial and municipal politicians. The three areas of the system that we focused on were medicare, home care and primary care. These are the three topics that I will be discussing with you this afternoon.

Under medicare, support: People strongly supported medicare because it has provided them with good care and many still could remember life in Canada when care was available to everyone, no matter if they were rich or poor.

Some threats to medicare: Privatization, as the people ahead of me mentioned, was seen as the major threat that would eventually result in a two-tier health system, which would lower the quality of services for many people.

Waiting lists: The shortage of specialists causes waiting lists where some seniors are waiting in pain—I want to repeat—waiting in pain before they are seen, especially in the field of orthotics.

Home care.

Early hospital discharge: A major issue for home care is the increasing amount of acute services being invested for people who are leaving hospital early. This has been estimated to be as high as 50% of a community care access centre's budget. This shift in resources has diminished services for chronic care for seniors and the disabled who are living at home and becoming frail.

One of the services that have been severely cut back is homemaking. However, a study by Hollander regarding home care, entitled *Evaluation of the Maintenance and the Preventive Function of Home Care*, published in 2001, states that this service keeps seniors healthier and out of nursing homes, which saves the government money—and I'm sure we're all trying to save money.

Effects of cutbacks.

Seniors were concerned about the fact that some individuals were getting only one bath per week from the CCAC. Participants felt they would be demoralized by an inability to maintain proper hygiene. At times, a CCAC worker gave a bath but left the bathtub and bathroom dirty or did not follow the protocol/instructions of the care they were supposed to offer.

The following is a brief history of recent cutbacks to CCAC services—I have a bit of knowledge of this, because I was one of the CCAC directors who were fired by the province. In 1995, early hospital discharge was instituted in Ontario. By 1999, early hospital discharge had become a significant percentage of the clients serviced by the CCAC. In the year 2000, a request by the CCAC for an increase in funding to cope with growing numbers of seniors in Ottawa was refused by the provincial government. In 2001, the CCAC closed homemaking services and shifted funds to early hospital discharge to relieve city hospitals of 50 patients who needed to be shifted from hospitals to the patients' living rooms.

One thing the group at this workshop highly recommended was that CCACs should have an elected board of directors once again, with a membership. We had over 350 members. The members were fundamental to helping the staff by establishing and serving on different committees: procurement, finance, communications, whatever.

One bright light occurred in 2002, when the city of Ottawa arranged funds to offer homemaking services to seniors without adequate income.

The Liberal Party promised \$300 million for home care—this was after Romanow. What happened? Also, this \$300 million should not be considered part of the deficit. That was another thing that was recommended.

What people want: We want assurance of significant resources to those requiring chronic care, and establishment of an envelope of funding for these services. This would ensure that resources could not be shifted from chronic care to acute care. Re-establish homemaking services to a level of care above that in the past. Recognize the elderly as contributing members of the community who wish to live independently at home.

1500

Primary care.

Primary care means the beginning of seniors' care. They prefer the multidisciplinary team approach. Many feel the community health centres are the best model for primary care. They offer many services, they are accessible, they prevent isolation, they inform and educate, they provide a compassionate environment, they offer more time for a visit with the doctor and they are cost-efficient.

Key issues concerning health centres: There are not enough medical professionals, which is creating long waiting lists; not enough time is given between the primary care providers and the patient; and not enough community health centres.

There's a myth about seniors—I'm sure you've heard this so many times—that they have money and can pay

for services. In reality, most seniors are women who live below the poverty line.

Politicians need to be made aware of seniors' issues. As seniors, we understand and we are active, we are not to be ignored, we are equals in society, we have earned respect, we are taxpayers and we vote. Politicians at each level of government need to take responsibility to ensure funding and implementation of a good primary care system for all seniors.

I want to leave this one message for you and for all politicians: no empty promises, please. You can't fool us.

The Vice-Chair (Mr John Wilkinson): Thank you very much. We have time for—

Ms Shore: I'm sorry, I meant to introduce Connie Delahanty, the other co-chair.

Ms Connie Delahanty: I'm Connie Delahanty. As Evelyn said, I'm co-chair of the Ottawa Seniors Action Network.

These papers were written independently, so there is some overlap. But we feel we can just make the message again.

We'd like to begin by reminding you that seniors' programs have already been cut very severely, to the detriment of many of the people who depend on them.

The reason we asked for this time was because most of the people in our organization fear that the cuts to seniors' programs will result in our ending up in nursing homes because we lack the community support we need to live independently. One of the most serious threats to our ability to remain independent is cuts to home care. When I refer to home care, I'm not talking about a medical model or medical services but about personal and household care. Many older people, as you know, get help from their families or friends, or they're able to pay for services themselves. The problem is that what may have been enough help at one point can change very quickly. Health can deteriorate, money can become short and families can't cope any longer, so we need outside help or home care.

There may be some acceptance that personal care is necessary, but housework, while essential to the individual's ability to stay at home, is a much more contentious issue. The fact that these services are already being cut is only the beginning of the services that will allow us to stay at home. Along with the basic needs of home care, housing and transportation, seniors, like younger people, need social contacts, physiotherapy, exercise, entertainment and all the diverse activities that make life worth living. Without extended community support programs, the limitations to seniors will only get worse.

Speaking of diversity, I use the word "senior" here frequently, but the universal use of this word is unfortunate, because it disguises the increasing diversity of the older Canadian population. Everyone in this room is either a senior or a potential senior. None of us has the same income, health, sexual orientation, family relationship, cultural background, education or housing requirements. We don't even come from the same countries or

go to the same churches. The differences don't change as we get older. Using housing as an example, we need a variety of choices to meet the diversity of seniors' housing needs. We need affordable housing, subsidized housing, co-op housing, assisted living housing, group housing, culturally sensitive housing and retirement housing.

At the September 27 workshop on changes in the health care system at the Sandy Hill Community Health Centre, Ottawa MPP Richard Patten publicly suggested that the provincial government should get back into the business of housing. That housing is a major factor in good health is shown in a very recent study on the connection between health and housing by OCSCO, the Ontario Coalition of Senior Citizens' Organizations. One of the most consistent points made in the focus groups across the province was that seniors who either rented or owned their homes were spending the major part of their income on housing, leaving very little for food, medication and other necessities. This came through repeatedly in every single focus group we did. So much money is spent on housing.

Returning to the issue of the deficit, I remind you again that services to seniors that allow us to stay at home have already been cut. Continued cutting of these services already costs the province more and more money. Seniors have made it perfectly clear through endless surveys, questionnaires—we need say no more—and focus groups that they wish to live independently as long as possible.

By cutting community services, the province's message back to us is also perfectly clear: Go into a nursing home. Even the impact of the 2001 Hollander report has done nothing to end the debate on the cost of prevention versus the cost of institutionalization. The Hollander report proves it is less expensive for older people to stay home with a few supports in place than for them to enter a nursing home. I'm just going to say a few more words about this report, because it is very pointed.

In reference to this study, the *Globe and Mail* of May 26, 2001, stated that the report comes at a time when most home care programs, to save money, are stripping the elderly of the low-level care that allows them to live independently in the community. This refers a lot to housekeeping.

Low-level care means having a homemaker perform simple household chores as little as once a week, also providing stimulus and stability and acting as an early warning system for serious health programs. The research was commissioned by Health Canada and conducted in British Columbia.

In 1994, the policy of cutting services in different places in the province and at different times allowed the researchers to examine the health outcomes of home care clients with and without low-level services. By the second and third year of the study, the cost of caring for those stripped of homemaking services soared and their health outcomes plummeted. In the end, the researchers determined that homemaking services cost the govern-

ment about \$2,500 a year, but basic institutional service, on the other hand, costs more than \$42,000 a year. Furthermore, among those who lost their low-level household help, the death rate was an astonishing 50%. A 50% higher death rate in these circumstances is about all the evidence you'd think you need for immediate implementation of expanded home care programs.

All the services and resources that allow seniors to remain in good health and out of institutions will do the same thing for the rest of the population eventually. We have been lobbying for safer sidewalks, safer road crossings, accessible transportation and affordable housing. While seniors may in some instances be more at risk, the benefits are to everyone. Keep in mind that Ottawa has the second-largest aging population in Canada, next to Victoria, and that the big demographic bulge of baby boomers is just waiting to boost it. Putting resources and services, especially housing and home support services, in place now will lead to lower costs and more efficient administration in the future and can help us achieve a more coherent policy on aging in Ontario.

The Vice-Chair: Thank you. We don't have time for questions for everyone, so according to our rotation, I would ask Mr Prue, from the NDP. You have about two minutes.

Mr Prue: First of all, I want to commend you. You're saying a lot of home truths here.

I'd like to zero in: You said you were fired from the CCAC. I know a lot of people were fired from CCACs and replaced by political hacks. Can you tell me what has happened to that particular CCAC?

Ms Shore: As you know, we were the first and, I'm not sure, maybe the only elected board in Ontario. We were elected by the membership I mentioned before. I guess the provincial government decided we weren't doing a good enough job. We did have a lot of long-range plans in store, which we thought would take care of everything, even after we were refused funding.

What happened was that we were literally thrown out, plus our membership, and the province appointed the directors.

I did mention that one of the things that has happened is that we knew we were going to have to cut back on some of the services, but they have eliminated home-makers' services completely, which is very bad for a lot of seniors.

What's happening right at the moment? I'm sorry to say that the public is not very well informed.

The Vice-Chair: Thank you for your presentation.

1510

PETER NAGLIK

The Vice-Chair: I would call on Peter Naglik, please. The committee welcomes you. I want to let you know that you have 10 minutes for your presentation and that can include questions. We'd ask that you start by sharing with our record your name.

Mr Peter Naglik: Right on. My name is Peter Naglik. I'm a resident of Russell, Ontario. I thank you for hearing me today. I thank you also for travelling to Ottawa as you prepare your advice to the government on the coming budget.

I want to offer you two broad points to think about for Ontario's taxing and spending for the next year. I come before you just as a taxpayer and a voter. I represent no one other than myself. I think I'm going to have a couple of things to say that you may not have heard today or elsewhere.

The current governing party spent 13 years in opposition seeking the power they now wield. For eight of those years, those members now in government complained bitterly about the Harris cuts or the Harris-Eves cuts. I ask you, what cuts?

In 1995, when the Ontario PCs took office, the Ontario government was spending \$54.5 billion while collecting \$43.7 billion in revenue. By 1999, when Mike Harris sought a second mandate, the Ontario government was spending \$57.8 billion while taking in revenues of \$55.8 billion. In those four years, the federal Liberal government had cut transfers by almost \$4 billion while Ontario's spending on health care, for example, had increased by over \$2 billion. In that first mandate, the Ontario PCs, who had promised to cut spending by 20% in the Common Sense Revolution, had increased spending by \$3.3 billion.

To the credit of that government, they reduced the deficit by \$9 billion in that period, increased spending on health care while faced with a steep cut in federal transfers from Paul Martin and Jean Chrétien, and generated almost \$12 billion more in revenue. At the same time, Ontario's economy added hundreds of thousands of jobs and reduced the number of people on social assistance.

Throughout this time, opposition MPPs ceaselessly attacked the government of the day for its cuts. That was the mantra: Cuts, cuts, cuts.

In the last public accounts presented by Madam Ecker, the former Minister of Finance in the Eves government, Ontarians learned that provincial spending had reached \$63.4 billion, an increase of almost \$10 billion in seven and a half years. In the ill-fated Magna budget of March 2003, Mr Eves and Mrs Ecker announced plans to spend \$70.6 billion.

I hope I have not clouded your heads with too many numbers, but just a quick recap: When Bob Rae and the NDP left office, Ontario was spending \$54.5 billion. At the end of Mr Eves's time in government, he was planning to spend \$70.6 billion. That's an increase of \$16.1 billion in eight years, and at the same time eliminating what he started out with, an \$11-billion deficit. That's a roughly 30% increase in spending over 1995, and this is an increase that came from leadership that promised to cut spending, not increase it. This increase came in the face of dogged opposition that repeated relentlessly that the so-called cuts were destroying our public services.

Politicians then in opposition talked about health care cuts. Health care spending rose from \$17 billion per year

to almost \$29 billion. Health care spending almost doubled under Mike Harris and Ernie Eves. All the while, the federal Liberals here on Parliament Hill cut transfers for health care.

With respect to Mr Eves, the former Premier, he begrudgingly, in my estimate, acknowledged there was a problem. In its campaign platform released last year, his party said, "We have worked hard to get spending under control, to reduce the size of the bureaucracy and to eliminate waste in government, but there is still more to do."

In that platform the Ontario PC Party offered a handful of modest proposals: cut spending by 1% or \$700 million; freeze the Ontario public service; establish a tip line for reports on government waste; and establish a special commission to identify waste.

There is still more to do.

I know that only a tiny minority of the people you will hear from do not fully agree with Mr Peters and his estimate of Ontario's finances. But I am not here to quarrel with those numbers. The message of October 2 was a call for change. No one can argue with that, and regardless of how close Ontario is to balancing its books, I believe the province is spending too much.

I know the Minister of the Finance and the Premier have mused about revenue enhancements—some mix of tax hikes and asset sales. The government has already increased taxes or, if you want to parse it, cancelled previously announced tax cuts and credits. The government has already sought and received increased transfers from the federal government. Just last week, the first ministers reached an agreement with respect to health care transfers. Yesterday, the federal government indicated in the speech from the throne that there will be fiscal changes, such as the planned new deal for cities that could spell some relief for the provincial coffers. I contend that these measures are not sufficient. The government of Ontario is still spending too much.

I ask you to offer the government some advice in this area. Tax increases, asset sales and increased federal transfers are not enough to get this province's finances on the right track. I would suggest two efforts. One, in areas of government spending outside of health care, the government needs a full, all-party operational review and to follow that by setting a sustainable target for spending reductions. There are inefficiencies and waste in every ministry, in every agency, board or commission. There are inefficiencies and waste among Ontario's major transfer partners: colleges, universities, school boards and municipalities. They all need to be addressed.

Secondly, there needs to be a separate review or approach to health care spending. In the past election, the Ontario Liberals spoke of reforming primary care, for example. Properly executed, Ontario may be able to realize some savings by changing primary care. Obviously, health care continues to dominate the public imagination as voters consistently tell pollsters that health care is their top priority. This government needs to take real steps, out in the open, to ensure that our health care dollars are driven to the front line of patient care.

Regardless of your political stripe or philosophical bent, there is no defence for waste and inefficiency. The Premier has said that his mission in office is to make government more relevant and connected with Ontarians. He said he wants to transform government so it provides the important public services Ontarians need. A laudable goal, but if the government does not root out waste, excess and inefficiency, there will be fewer dollars for important services.

Surely, there are programs that can no longer be sustained. Surely, there are policies that are costing too much. Surely, there are ways that this government can do business better. Ontarians will support any effort to spend their hard-earned tax dollars wisely. The budget needs to send a strong signal that this government is committed to spending within its means. That would translate into stopping the endless increase in public spending.

In addition to spending controls, as I said, the budget needs to do more for Ontario's bottom line than increase taxes and rely on asset sales to balance the books. There are other ways to enhance revenue and generate jobs and growth.

Ontario has an opportunity to stop the leakage of disposable income to Quebec and to bring more jobs and greater investment to eastern Ontario. When the Minister of Finance appeared before this committee on January 26, he hailed the net creation of jobs in Ontario as a positive sign. The same jobs data he cited shows that in the last quarter of 2003, there was a net job loss in eastern Ontario.

It is obvious that the national capital region lacks the diversified economy that Ontario has in the greater Toronto area. For that matter, Ottawa does not have as diverse an economy as Hamilton-Niagara or Kitchener-Waterloo. As I am sure your eastern colleagues will tell you, the public sector—chiefly the federal government—the tech sector and agriculture make up most of eastern Ontario's economic activity. Eastern Ontario needs a better deal. We need a more diverse economy. From my perspective, there are only a handful of ways in which the Ontario government can help make this regional economy more diverse.

In July 2003, then-Attorney General Norman Sterling asked the Alcohol and Gaming Commission of Ontario to extend the moratorium on the expansion of gaming while it conducts a review of how cross-border competition in gaming is affecting this province. The government then said it would examine the expansion of gaming at the end of that 12-month period. Regardless of that review, the fruits of gaming are obvious and manifest. Last year, gaming revenues accounted for about \$2.4 billion for Ontario.

Through the Ontario Trillium Foundation, Ontario's gaming revenues have been invested in an amazing array of volunteer, recreational and charitable endeavours. Through Ontario's partnership with host communities, municipalities have received helpful transfers that ensured that local taxpayers face a less onerous burden. Our health care system has benefited from gaming revenues.

Our province's casinos have added thousands of direct and indirect jobs. According to the 2003 budget papers, the province estimated that commercial casinos have added 27,000 jobs to Ontario.

The expansion of gaming within the city of Ottawa would help create thousands of jobs and bring great economic spin-offs to this region. The province's own Ottawa Congress Centre or the Rideau Carleton Raceway offer excellent potential sites for expanding gaming. It won't take expert studies to show that disposable income is flowing out of Ontario and into Quebec's provincial coffers through Le Casino du Lac-Leamy. A full-service commercial casino, along the model of Casino Niagara, here in the nation's capital would be a huge economic boost.

The Rideau Carleton site offers a number of advantages. It is already the site of a slot machine operation, in addition to horse racing. There is much room for expansion. A casino, a trade centre, a hotel and lots of parking could all be accommodated at the Rideau Carleton site.

Those from outside Ottawa may not be aware, but this city's annual summer fair, the Central Canada Exhibition, is moving from its historic location in the city's centre to a property across the street from the Rideau Carleton Raceway. This area is ripe for investment. For Ontario to make it happen, all it would need to do, essentially, is to license a casino there. You have ready-made partners and a site that is pregnant with possibilities.

I have offered you two broad suggestions. First, keep an eye on spending. Despite the overheated rhetoric of opposition, provincial spending has never been higher. You need to take steps to root out waste and inefficiency. Ontario's spending needs to be reined in. Second, invest in eastern Ontario by licensing a commercial casino in Ottawa. This will enhance Ontario's revenues without hiking taxes, stop the flow of disposable income across the Ottawa River, and bring more jobs to this corner of the province.

Thank you very much.

The Vice-Chair: Thank you for your presentation, which was exactly 10 minutes. There will be no questions.

1520

ASSOCIATION DES ENSEIGNANTES ET DES ENSEIGNANTS FRANCO-ONTARIENS

The Vice-Chair: Now I'd like to call on the Association des enseignantes et des enseignants franco-ontariens. Bonjour et bienvenue. The committee welcomes you. You have 20 minutes for your presentation, and that includes questions. We would ask that you begin by stating your name for the record. For the members present, there is simultaneous translation.

M^{me} Lise Routhier Boudreau: Merci. Bonjour. Je suis Lise Routhier Boudreau, la présidente de l'Association des enseignantes et des enseignants franco-

ontariens. Je suis accompagnée aujourd'hui de M. Bernard Éthier, le directeur adjoint de notre organisation.

L'AEFO représente l'ensemble des enseignantes et des enseignants francophones qui travaillent dans les écoles élémentaires et secondaires tant au secteur public que catholique des conseils scolaires de langue française en Ontario.

L'automne dernier, tous nos espoirs étaient fondés sur la plate-forme électorale—

Failure of interpretation equipment.

M^{me} Routhier Boudreau: Is this counting in the 20 minutes?

The Vice-Chair: I believe that we can commence, and we've added some time, so go ahead.

M^{me} Routhier Boudreau: Merci. Alors, je disais qu'en automne dernier on a fondé tous nos espoirs sur la plate-forme du Parti libéral qui proposait, évidemment, un changement important, qui proposait de réinvestir dans les services publics en Ontario.

Lorsque le gouvernement libéral a été élu, nous nous en sommes réjouis. Après huit ans sous les politiques gouvernementales conservatrices, qui ont été marquées par des compressions budgétaires importantes et des réductions dans les services publics, l'arrivée d'un gouvernement qui proposait un investissement dans les services publics et un changement nous apparaissait comme étant la solution.

On a choisi de faire dos à l'idéologie de Mike Harris pour adopter la vision qui a été proposée par le chef Dalton McGuinty. Alors, cinq mois après l'arrivée de ce gouvernement, nous croyons toujours qu'il faut respecter les promesses qui nous avaient été élaborées. Il faut investir dans le changement qui s'impose.

Évidemment, nous comprenons très bien l'ampleur du déficit et nous comprenons que ça place le gouvernement libéral dans une position difficile. Malgré ça, on n'a pas élu le gouvernement libéral pour poursuivre le programme des Conservateurs. Nous avons élu le gouvernement libéral pour mettre en place le changement qu'ils proposaient.

Évidemment, les promesses qui ont été faites pour le secteur de l'éducation nous interpellent au premier plan. On se souvient très bien des propos du premier ministre qui disait qu'il voulait être reconnu comme le premier ministre de l'éducation. Nous allons lui porter hommage, ça va nous faire plaisir de lui rendre hommage si, effectivement, il tient cette promesse-là.

Vous savez que sous les Conservateurs on a bâti un déficit social des plus importants. Ça s'est fait en réductions d'impôts, en compressions budgétaires et sur le dos des personnes les plus démunies et des composantes qui sont les plus vulnérables dans notre société, notamment les enfants et les femmes.

Alors, nous croyons que si le gouvernement libéral ne met pas en place les changements qui s'imposent, non seulement ce déficit social va-t-il se poursuivre, mais il va s'aggraver de façon importante. Nous croyons que

cela va être beaucoup plus néfaste que le déficit budgétaire.

Nos élèves aujourd'hui dans nos écoles : nous pouvons illustrer clairement les impacts qu'occasionnaient les compressions budgétaires du gouvernement précédent. Nous avons pendant huit ans été la cible de réformes malmenées, mal pensées, mal réfléchies, imposées en même temps que des compressions budgétaires qui ont fait en sorte que nous n'avons pas eu les ressources nécessaires pour mettre en place les réformes qui étaient avancées.

D'ailleurs, on n'est pas les seuls à le dire. Le docteur Rozanski, lors de son rapport en 2002, a témoigné de façon très vive l'importance et la nécessité d'investir plus de \$2 milliards dans le système d'éducation si on voulait répondre de façon adéquate aux besoins de nos élèves.

Ces problèmes de financement évidemment sont encore plus aigus dans le système des écoles francophones, puisque la formule de financement qui est présentement mise en place par le gouvernement précédent ne prévoit pas les sommes nécessaires pour affronter les coûts additionnels de l'éducation de langue française.

Alors, on se retrouve avec des carences importantes au niveau du système. Nos enfants qui ont des besoins particuliers n'ont pas accès à des services en français. Nos enseignantes et nos enseignants sont obligés d'enseigner des matières pour lesquelles ils ne sont pas spécialisés. Nos classes dépassent largement la moyenne systémique qui a été imposée par le gouvernement précédent. Des classes à niveaux multiples sont maintenant la norme dans les écoles de langue française. C'est un phénomène qu'on retrouve maintenant au secondaire, ce qui n'était pas vu avant. Nos spécialistes pour les différentes matières spécialisées ne sont pas présents. Soixante pour cent de nos écoles après six ans de la réforme, n'ont pas encore les manuels pour enseigner, ou travaillent avec des manuels qui sont désuets, et nos bibliothèques sont fermées et sans livres. Alors, on ne fait que commencer à mesurer les impacts de ces réformes, et les constats sont alarmants.

1530

D'ailleurs, le tout récent rapport King nous dit clairement que 40 000 de nos élèves risquent de ne pas obtenir de diplôme d'école secondaire. Évidemment, on ne peut pas attendre que le gouvernement présent redresse la situation financière avant de régler la situation de nos écoles et ce déficit social important. Sinon, ça va coûter de plus en plus cher en services sociaux, en services médicaux et on ne pourra pas rétablir la situation.

Non seulement dans nos écoles est-ce qu'on a une carence importante au niveau des services, mais on a une carence importante au niveau du personnel enseignant. On ne peut pas recruter, on ne peut pas retenir dans les écoles de langue française parce que, d'abord, il y a des écarts de salaire importants entre les anglophones et les francophones, compte tenu de la formule de financement. Les ressources pédagogiques ne sont à peu près pas existantes. Alors, les jeunes enseignantes et enseignants préfèrent choisir des écoles différentes, avec plus de ressources.

Le stress au niveau de la profession n'a jamais été aussi élevé. Le taux d'utilisation, par exemple, des congés d'invalidité dus au stress est alarmant. Ce sont, évidemment, des coûts importants au système.

Les mesures qui sont en place présentement ne favorisent pas le recrutement des jeunes dans la profession. Selon un récent sondage que nous venons de faire, 16 % de nos enseignantes et de nos enseignants qui sont présentement en poste veulent quitter l'enseignement pour d'autres raisons que la retraite.

Pour nous en éducation de langue française, l'heure n'est pas aux compressions, mais l'heure est au rattrapage. Ça presse. Les impacts sur nos jeunes sont alarmants et très préoccupants.

Des remarques circulent aussi que le gouvernement libéral explore la possibilité de privatiser TVO. TFO, pour l'éducation de langue française, est une mine de ressources desquelles on ne peut pas se passer. Cette télévision éducative nous fournit l'occasion d'offrir à nos élèves des ressources de qualité qui reflètent réellement leur situation franco-ontarienne, et c'est une vitrine aussi sur la francophonie en général. Alors, pour nous il est important que le gouvernement puisse continuer son appui pour TFO.

Vous savez que l'heure est aux tests standardisés, et cela est peut-être une suggestion d'économies possibles. Le système actuel fait en sorte que les tests sont administrés à chaque année, et c'est un processus qui est extrêmement coûteux à la province. Même si ces tests standardisés peuvent nous donner des données importantes, il faut ensuite avoir les ressources nécessaires pour, une fois l'analyse faite, apporter les correctifs nécessaires. On ne peut pas faire ça à chaque année, compte tenu des ressources limitées. Alors, il y a des épargnes possibles si le gouvernement considérait faire un échantillonnage au niveau des tests standardisés ou d'administrer les tests aux trois ans plutôt qu'à chaque année. Je vous encourage à regarder cette option.

En terminant, j'aimerais vous ramener au niveau de nos élèves, notre raison d'être pour nous, les enseignantes et les enseignants. Vous savez, un élève de quatre ans, qui a commencé l'école en même temps que l'arrivée du gouvernement conservateur en 1995, a passé tout son élémentaire sous des compressions budgétaires et on ne fait que commencer à mesurer l'impact de ça. On le voit avec les 40 mille élèves qui risquent de ne pas compléter leur secondaire aujourd'hui. Si le gouvernement libéral n'entreprend pas les changements qu'il a proposés, tous ses mêmes élèves auront à traverser leur secondaire de la même façon. C'est toute une génération qui risque d'être pénalisée.

Pour nous, mesdames et messieurs, ce qu'on vous dit c'est que la lutte au déficit social est beaucoup plus importante que la lutte au déficit budgétaire et beaucoup plus importante qu'une signature sur la Taxpayers Coalition. Alors on vous enjoint, messieurs, de bien entendre notre message, parce que nos élèves en paient les frais. Nos routes n'ont jamais été aussi peuplées de démunis et de gens malades, et ce sont les parents de nos élèves.

Je vous remercie pour ce temps et je suis disponible à répondre à vos questions.

The Vice-Chair: Merci. We have about two minutes for each of the caucuses. The rotation goes to the government to begin, and I would ask Mr McNeely.

M. McNeely: Merci, madame Routhier Boudreau. J'ai lu le rapport Rozanski, mais c'était à Noël et je ne me souviens pas de toutes les recommandations pour votre association en particulier. Est-ce que les recommandations de Rozanski incluent les changements dont vous avez parlé aujourd'hui? Est-ce que c'est surtout cela que vous demandez, ce qui est dans le rapport?

M^{me} Routhier Boudreau: Oui, le docteur Rozanski avait signalé très clairement qu'il y avait des besoins particuliers pour l'éducation de langue française et que l'éducation nécessitait un investissement important.

Je dois dire que votre gouvernement a commencé à mettre en place des mesures qui sont encourageantes, puisqu'ils ont formé un comité d'étude, dans lequel nous participons, pour étudier les besoins au niveau du financement. Maintenant il est clair que ça ne peut pas attendre quatre ans. Les dégâts sont déjà importants et nous espérons que dès cette année nous pourrions voir des changements à ce niveau-là.

Mr Runciman: Thank you for your contribution to our deliberations. I think a couple of things would be helpful. I understand the position you've taken, and other presenters, with respect to promises made by the Liberal Party in the election campaign. They've sort of put themselves in a difficult position, to say the least. I would suggest that it would be helpful as well, for a variety of presenters, if they also addressed the issue of where abuse is occurring. In virtually every system or organization there's some waste, there's some duplication, there's some abuse. I don't know how many school boards are in the Ottawa area; I think it's something like six or more. It seems to me that's a sort of dicey issue that governments of whatever political stripe are reluctant to take a look at: consolidation of boards, so we don't have this duplication of administrations and all the costs and paraphernalia associated with that kind of a mess, in my view.

You talked about French immersion, and I would also like to know your view. Rather than having French immersion in the public or separate systems, why do we not stream all the children into the French-language system rather than having a variety of options for French-language training?

You also mentioned TFO and, again, I find it difficult to support two stand-alone public networks in the province of Ontario with two administrations. Why can we not dedicate specific programming time on TVO for French-language programming? That was the case in the past, until the federal government came along a few years ago with a carrot to entice Ontario into establishing a separate public network. I just wanted to get those all on the record.

1540

Mr Bernard Éthier: Dealing with the question of French-language school boards, I want to draw to your

attention that French-language school boards were not created and do not exist to provide French immersion programs. They are there to provide language instruction in the first language for first-language Ontarians.

On the question of French-language school boards, I want to draw to your attention that there are only 12 of them in Ontario. When we talk about problems, the size of those school boards is a problem. I draw your attention to the public school board in southern Ontario that covers an area from Penetang to Windsor.

Mr Runciman: We need more boards instead of fewer?

Mr Éthier: We're saying that there are particular problems in the sense of the largeness of the boards and that there need to be special factors in the grants to address the distance issues because when you talk about communication and you talk about distances, for a school board of that size there need to be special factors in the formula which presently are not sufficient to address part of the problem in terms of transportation and French-language services.

Mr Prue: Congratulations. That was a wonderful presentation. I wish my French was better to ask the question. I want to make sure I ask it right.

I'm certainly in disagreement with Mr Runciman. I think TFO is a marvellous education tool. Can you tell me how often it's used in the classroom? You said it was an amazing resource—and I know it is. How often is it used in the classroom per week?

Ms Routhier Boudreau: TFO is used every day in most of our classrooms. The programming corresponds exactly to the curriculum, so that is about the only tool that we have right now that really answers to the francophone needs of the curriculum because it reflects the reality of the minority population. It's a very useful resource.

Mr Prue: To have just a few hours to share with TVO is not going to work.

Ms Routhier Boudreau: It's not going to work. The other problem that we have right now in sharing it with TVO is: TVO's objectives are placed for the needs of the majority, which is fine. We don't have a problem with that, but certainly the needs are different for us. For, example, TVO specialized in on-line education. Our schools are not even equipped for that kind of resource yet, so we need to do things differently.

The Chair: Thank you for your presentation this afternoon.

NEPEAN COMMUNITY RESOURCE CENTRE

The Chair: I call upon the Nepean Community Resource Centre. Good afternoon. You have 20 minutes for your presentation. You may allow for questions within that 20 minutes, if you so choose. I would ask you to identify yourself for the purposes of our recording Hansard. You may begin.

Ms Connie Higginson-Murray: Thank you. There's something to be said for being last. Maybe you're all

relieved that we're close to the end. Honourable members, special guests, hello. My name is Connie Higginson-Murray. I am the public relations director for the Nepean Community Resource Centre. I'm joined today by one of our agency's program managers, Bob Grantier, who will be speaking to you in a few minutes as well. I want to thank you for inviting us here today to talk to you about establishing a community or district health centre to complement and enhance the services offered by the Nepean Community Resource Centre.

The name Nepean Community Resource Centre is a little misleading. NCRC or the Nepean Community Resource Centre serves a large section of Ottawa west and south. Our catchment area serves the largest population—160,000 people—and the largest physical territory of all of Ottawa's community resource centres.

We provide a large variety of social services from crisis counselling to seniors', family, youth and children's educational, social and health programming; multicultural and immigrant support services; and mature workers' employment programming.

For many of our clients, the current health care system is simply not working. In every sense of the word, we are a front-line agency and we daily experience the reality behind the statistics.

We regularly encounter the frustration—and even the despair—of people who cannot access the health services they need, who are part of the long lines waiting for health care. For these people, timely health care is an unfamiliar experience.

Many of our clients cannot find a family doctor—this is a point I will return to in a moment—and they make up a good portion of the population who use the local hospital emergency department as a walk-in health clinic. I don't need to tell you how this escalates our health care costs, but our clients have no alternative.

We serve a particularly high level of seniors and immigrants. NCRC workers are used to hearing stories of anxiety and discomfort as these people try to sort out a complex system they find difficult to understand and make use of.

Through no fault of their own, many of our clients fall into the categories considered to be negative determinants of the quality of health. They are marginalized. They are low-income with inadequate education, or are socially isolated because they are elderly or newcomers to Canadian society. Cultural, linguistic, economic or class barriers make it difficult for them to access appropriate health services. Collectively, and again through no fault of their own, they represent a body that exerts enormous pressure on our fragile health system.

One of the most common misperceptions we encounter is that primary health care is equated only with being seen by a doctor. If we were to succeed in establishing a district health centre, this costly misunderstanding could be eradicated.

In a combined health and resource centre, primary care workers work together and care is integrated. The most appropriate worker of the team sees the client first—and this may not necessarily be a doctor. It could

be a crisis counsellor partnering with a doctor to provide holistic care. It could be a seniors' home care support worker. It could be a home-loss prevention worker or an employment counsellor partnering with other counsellors, nurse practitioners or doctors. It means treating the whole person, including mental and social factors, rather than just symptoms of disease.

Thus, the appropriate services that address the client's exact needs are delivered locally in a more cost-effective and efficient manner through an integrated network of care.

Recent research also confirms that many family doctors are eager to join district health centres. Doctors, especially those who have recently graduated, indicate that there are distinct advantages in partnering in a centre with an infrastructure already in place. Partnering with a community health centre can cut the cost of start-up significantly.

In summary, a community or district health centre goes back to square one in health care delivery to effectively address the issues of quality, access and economics in health care delivery. A community health care centre focuses on prevention as well as treatment and cure. A community health centre concentrates health care in the community rather than in the institution.

At this point, I am going to turn to Bob to elaborate more on the huge partnering potential offered by community health centres.

1550

Mr Bob Grantier: Thank you, Connie. Good afternoon, honourable members. This blue folder contains a summary of our proposal. Our actual proposal went to the Ministry of Health and Long-Term Care three years ago, so I did not copy this for your information package. This is a project that has been addressed for three years now, and we're appealing to you for consideration in this round of budgeting.

In this blue folder is my presentation here. You may wish to follow along with it. I'm not going to read the whole thing word for word.

In the beginning of the proposal you'll find a map of the Ottawa area. That's this map here. Just for your information, what used to be called Nepean and the area served by the Nepean Community Resource Centre actually now includes the townships of Osgoode and Rideau. It's quite huge. Nearly a third of the Ottawa area is our catchment area. We began as a resource centre in 1989, and our mandate is to deliver social services as effectively as possible.

A community health centre, in the event that you didn't know, is a community-based service. It's run by a voluntary board of directors and offers a supportive, welcoming environment. There are already 55 of these in Ontario, so the community health centre is a concept that's already proven to be viable. We have six of them here in Ottawa, serving an overall population of nearly a million people.

The principles of a community health centre have already been referred to by Connie and Evelyn. When they spoke of primary care, they spoke of one of the first

principles of a community health centre, and that is that it's the first point of contact for a lot of the health care that people receive. The community health centre provides health education, community development; it builds healthy public policy; it is based on a coordinated system of care; it's accessible, affordable; it provides appropriate health services and advocacy to ensure equitable access to health services.

The service delivery model: There are two charts in your package that are quite interesting. Our service delivery model in which the health care centre would be embedded provides integrated services. It works in partnership with other services to offer a range of programs, and it focuses on prevention and health promotion, as Connie has alluded to. It ensures accessibility with regard to time, geography and free services.

This chart is the delivery model. This is already in place. There's an extensive system of community resource centres. There are multi-purpose centres in Ottawa and in other parts of the province. The piece that's missing with us is the health care centre. That's the black chunk there.

Connie has also alluded to the cost-effectiveness of such centres. They typically include a salaried physician and nurse practitioners. There's a demonstrated effect on the reduction of emergency room visits. They invest heavily in prevention and health promotion. There is a lot of research on the reduction of emergency room demands, and the effect is quite substantial. Finally, there is a leverage on volunteer involvement. They are governed by non-paid, private volunteer governors.

Why is our proposal germane and important now? The Ministry of Health and Long-Term Care already has made a commitment to primary care reform. So the term "primary care reform" used by our colleagues Connie and Evelyn is already a concept which is extant and viable in health care.

The Ministry of Health and Long-Term Care is aware of the utility of community health care programs, so included in our blue brochure is a report on that very subject which you will find and may read at your leisure. Also supportive of this concept is the release of the Kirby and Romanow reports, which I'm sure you're aware of.

Finally, we feel that we work in an underserved area of Ottawa. I will allude to that briefly, shortly.

We cover urban, suburban and rural communities. The catchment area is huge, with two huge rural areas. We have a higher population right now—160,000—than any of the other communities served by the six community health care centres in Ottawa. The growth in south Nepean is formidable. We expect another 100,000 people by 2020.

Finally, echoing what Connie and Evelyn said, we have the highest concentration of seniors in Canada, with the exception of Victoria. In 1996 there were 17,000 seniors.

Our community is extremely culturally diverse. There are more than 55 nationalities present. South Nepean has the highest employment insurance transfer rate in Canada. There's a high number of sole-income parents

residing in Nepean, and the rural communities surrounding us require services that they don't have now.

The Liberals have made a commitment to community health care centres. They funded CHCs from 1985 to 1990. They have called for CHC upgrades and expansion since 1996. Recently Premier McGuinty has stated, "CHCs are an important ... model and we fully support their expansion," and "Many Ontario communities have already developed plans to open a CHC ... and I"—that is, Premier McGuinty—"will work with these communities to ensure their plans become a reality."

Thank you very much. We would welcome any questions.

The Chair: We have about three minutes per party and we'll begin with the official opposition.

Ms Higginson-Murray: Can I just—

The Chair: I'm sorry, were you not finished?

Ms Higginson-Murray: I'm sorry, no. Can I just conclude?

The Chair: Go ahead. I'm sorry, I thought you were finished.

Ms Higginson-Murray: Polls tell us that health care is the number one concern of most Canadians. Polls also tell us that Canadians value their health care system and want to maintain a high quality of health service.

It's not a stretch to say that in Canada the health care system has an emblematic quality. People equate good health care with our national identity. In fact, the Canadian national identity is firmly tied to good health care. It lies at the heart of what it means to be a Canadian. For this reason, I see we share a common motive. Responding to the current crisis in health care needs is as much a priority for you as a political body as for us as a service provider.

In October of last year, George Smitherman made a point of thanking the present district health centres for their hard work and urged them to "try even harder to put the heat on us, so as to restore confidence in Ontario's public health system."

People are suffering in the system the way it is now. Our failure to secure health care reform is impacting on the public enormously.

We don't have a community of understanding with the public—that is, a common understanding—of what is really needed. I think we could work together to remedy that. We hear regularly from people who think the health care system is collapsing, when in reality we have a health care system that has the potential to be one of the best in the world. If today we have at least come closer to sharing a sense of not only what the realities are but also what the alternatives are, then I think we've taken a big step forward. Again, to quote Mr Smitherman, "Community dialogue makes a difference." We want "to take responsibility back, where it belongs—at the local level."

We join with you in understanding that health care is a national priority. We are ready to partner with you in keeping our Canadian communities vital and healthy. We are ready to join with you in making the old adage "a stitch in time" a welcome reality in Canadian health care. Our goals are inseparable.

Thank you for your time.

The Chair: We have about two minutes per party and we'll begin with Mr O'Toole.

Mr O'Toole: I had the privilege of working with CHCs when I was the assistant to the Minister of Health, so I'm fairly familiar with the structure. I would just bring to your attention a couple of initiatives on which I'm not sure what direction the current government will take.

In primary care reform there are a lot of different models of integrating all the health care providers. We were moving very aggressively forward with the family health networks, which was a collaborative health model and was in some respects similar to the CHCs. There was a moratorium on CHC expansion, kind of pinning the outcome on trying to roster doctors. That's basically the same model you have.

There is other expansion in health care as well: telehealth, telemedicine, Smart Systems for Health Agency, as well as the NORTH Network. These are all new models of distributing health resources.

I guess my question to you is, are you prepared to modify the current document you have on file, the application you've made for three years? I know the new government is looking at the collaborative model. They're not going to call it family health networks for obvious reasons, but I'm sure they'll go forward with a rostered model, phased in because all doctors aren't pro-rostering—but a lot of doctors are moving to salaried positions as hospitalists and other kinds of things.

This is a huge change, but at the same time I'm wondering what your position is. Do you provide seven-day-a-week, 24-hour access for your patients? That's the model that will take the pressure off hospitals. I've spoken a lot, but I'd ask you to respond.

Ms Higginson-Murray: First things first: The family health care network is definitely not the same model as this one, although there is nothing saying it can't collaborate. I live in West Carleton, and we have one in West Carleton. It's excellent; however, it is all doctors and it's not integrated at this point with the kinds of services—

Mr O'Toole: That's the goal, though.

Ms Higginson-Murray: It may be. I'm not active, but my understanding is they've had a lot of problems getting doctors to sign up for it, and I know that for a fact.

I'm not saying, though, that one necessarily means the other can't go forward. I just want to make sure you understand that they are not the same thing.

The Chair: We'll move to Mr Prue, of the NDP.

Mr Prue: We have a community health centre in Beaches-East York. It's been there for a long time and has recently expanded and moved to new facilities, and it's absolutely wonderful. I commend what you're doing. We need them across the province.

My question is, what has been the stumbling block—it's three years? Why wouldn't this be approved when obviously it works?

Ms Higginson-Murray: We don't know. We were hoping, actually, in the spring. We've been waiting on

tenterhooks. Our community resource centre had to make some decisions about expanding. We were having such a huge demand for programs that we had to expand. We were waiting and waiting, hoping to hear that we were going to get the money for start-up. That did not come down the pike. Your guess is as good as mine. We're back again waiting and asking and hoping that we will indeed get the money.

Mr Prue: If you get the money, I understand—and I hope these guys understand—that you're going to be able to save them money in terms of hospitals. If they're looking for ways not to cut but to economize, this is absolutely one that would save them money in very short order.

Ms Higginson-Murray: Part of the problem, in my understanding, is that of course we all know the health care system is extremely complicated, and new services often are not in replacement of old services, they are additions. It just happens to be the way the health system bureaucracy works. We keep adding on and not subtracting. In this sense, we have to find money for it. It does work, without a doubt. It would save money, and it would be more efficient and effective for people.

We're here to ask you today, why not? We're ready to partner.

The Chair: We'll move to the government.

Mr Colle: I just want to say that I have two community health centres in my riding, and I'm a great fan of them, as Mr Prue is. As parliamentary assistant to the Minister of Finance, I think it's a great way for the government to deliver more direct health services at a lower price, more efficiently and more effectively. The real problem is that there is no public awareness of community health centres. What has to be done is to make the decision-makers, along with the public, understand that these are the way of the future and a way out of our financial shortcomings in health. So I'm certainly going to do what I can.

I suggest that you also contact other community health centres across Ontario to start to give—I know you're busy enough with everything you're doing, but we need the public to understand this is one of the ways out of the mess we're in. So I certainly will let you know that I will do what I can to propose that we look at this model as a way of getting us out of the financial mess we're in. This is one of the solutions.

Ms Higginson-Murray: Thank you. My business card is in there, and I'll gladly hear from you at any time.

Mr Colle: I may call you.

Ms Higginson-Murray: That would be very welcome.

Mr Colle: As I said, I have two that I'm working with on this.

Ms Higginson-Murray: Just quickly, we do agree that education is something that has to happen too, and we're ready to do that.

The Chair: The meeting is adjourned.

The committee adjourned at 1604.

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